

Narragansett Electric Company

Last Resort Service

Testimony and Exhibits of:  
Michael J. Hager

July 9, 2002

Submitted to:  
Rhode Island Public Utilities  
Commission  
Docket P.U.C. No. 3444

Submitted by:



The Narragansett Electric Company  
R. I. P. U. C. Docket No. 3444  
Witness: Hager

**DIRECT TESTIMONY**

**OF**

**MICHAEL J. HAGER**

1   **I.    Introduction**

2    Q.    Please state your name and business address.

3    A.    Michael J. Hager, 55 Bearfoot Road, Northboro, Massachusetts 01532.

5    Q.    Please state your position.

6    A.    I am the Director, Energy Supply - NE for National Grid USA Service Company. I am  
7       responsible for all power procurement and energy supply related activities for National Grid  
8       USA's (formerly the New England Electric System) New England operating companies,  
9       including The Narragansett Electric Company ("Narragansett" or "Company"). These activities  
10      include the procurement of power for Last Resort Service for Narragansett.

12   Q.    Will you describe your educational background and training?

13   A.    In 1982, I graduated from the University of Hartford with a Bachelor of Science degree in  
14       Mechanical Engineering. In 1986, I received a Master of Science degree in Mechanical  
15       Engineering from Northeastern University. I am a Licensed Professional Engineer in the  
16       Commonwealth of Massachusetts.

1 Q. What is your professional background?

2 A. From 1982 to 1992, I worked for New England Power Service Company in various  
3 engineering positions. In these positions, I provided support to New England Power  
4 Company's ("NEP") thermal and hydroelectric generating plants with overall responsibility for  
5 the management and control of studies and projects from initiation to completion.

6  
7 From 1992 to 1997, I was employed by NEP where I conducted wholesale and retail power  
8 marketing activities involving the sale and purchase of generation resources to and from  
9 investor-owned utilities, municipalities, independent power producers, government agencies,  
10 brokers, marketers, and end-use retail customers.

11  
12 In June 1997, I was promoted to the position of Standard Offer Portfolio Manager for New  
13 England Power Service Company (now, National Grid USA Service Company). In November  
14 2000, my title was changed to Manager, Distribution Energy Services, to more fully reflect the  
15 scope of work performed by my department.

16  
17 In April 2002, I was promoted to my current position of Director, Energy Supply – New  
18 England.

1   **II.    Purpose of Testimony**

2    Q.    What is the purpose of your testimony?

3    A.    The purpose of my testimony is to describe the process by which Narragansett proposes to  
4           procure its Last Resort Service requirements for the period September 1, 2002 through  
5           February 28, 2003 and possibly through August 31, 2003.

6  
7   **III.   Background**

8    Q.    Why is Narragansett submitting an Acquisition Plan for approval by the RIPUC?

9    A.    Rhode Island General Law 39-1-27.3(c), which was just recently enacted, requires  
10           Narragansett to arrange a last resort power supply for customers who have left the Standard  
11           Offer for any reason and are not otherwise receiving electric service from a non-regulated  
12           power supplier. Prior to acquiring last resort supply, Narragansett must file a supply acquisition  
13           plan with the Commission that includes the acquisition procedure, the pricing options being  
14           sought and a proposed term of service for which last resort service will be acquired. All such  
15           components of the acquisition plan are subject to review and approval by the Commission.

16  
17   Q.    When is Narragansett's current supply for Last Resort Service set to expire?

1 A. Narragansett has procured it's Last Resort Service requirements through August 31, 2002. A  
2 new supply must be procured and be effective as of September 1, 2002.

3  
4 Q. How many customers are currently enrolled in Last Resort Service?

5 A. As of May 2002, there were only 703 customers enrolled in Last Resort Service representing a  
6 peak load of approximately 10 MW. This is a considerable reduction in Last Resort Service  
7 requirements, which peaked at 1,970 customers and approximately 100 MW. The historical  
8 customer enrollments and load requirements are provided in Exhibit MJH-1 and Exhibit MJH-2  
9 respectively.

10  
11 **IV. Proposed Acquisition Plan**

12 Q. Please explain the procedure that Narragansett will utilize to procure Last Resort Service.

13 A. To arrange for its Last Resort Service requirements, Narragansett will:

- 14 1. Issue a Request for Proposal ("RFP") to all interested wholesale power suppliers.
- 15 2. Receive initial responses to the RFP, which will include background information on  
16 each Respondent, indicative pricing and proposed changes, if any, to the proposed  
17 power supply agreement.

- 1           3.     Review the initial responses and resolve any open issues including proposed contract
- 2                 language.
- 3           4.     Share the initial responses with the Division.
- 4           5.     Receive final, binding prices.
- 5           6.     Evaluate final, binding prices in consultation with the Division.
- 6           7.     Select a supplier.
- 7           8.     Execute power supply contract.
- 8           9.     File resulting Last Resort Service rates with the Commission.
- 9           10.    File a summary of the bids received, on a confidential basis, with the Commission for its
- 10               information.

11

12   Q.    How does the Company's proposed procurement process differ from the process used in

13           previous solicitations?

14   A.    The Company's proposed process is nearly identical to the process used in prior solicitations.

15           In prior solicitations, the Company was required to obtain the Commission's approval prior to

16           entering into a supply commitment. To achieve this in a volatile wholesale power market, the

17           Commission held a public hearing on the morning that final binding bids were received and the

18           Company presented a summary of the bids and its recommendation for a winning supplier, on a

1 confidential basis, to the Commission during the hearing. After obtaining the Commission's  
2 approval, the Company entered into a power supply commitment. The proposed process  
3 eliminates the public hearing and permits the Company to enter into a binding contract upon its  
4 review of the final, binding bids. The Company would submit to the Commission, on a  
5 confidential basis, a summary of the bids received.  
6

7 Q. What form of RFP will the Company use?

8 A. A proposed copy of the RFP that will be used is provided in Exhibit MJH-3. The Company  
9 reserves the right to make non-substantive changes to the form and requirements of the RFP to  
10 address any issues that may arise during the solicitation process. This RFP is nearly identical in  
11 form to RFP's used in previous solicitations for Last Resort Service.  
12

13 Q. For what period is Narragansett proposing to procure Last Resort Service?

14 A. The Company will seek pricing for two distinct six-month periods, September 2002 through  
15 February 2003 and March 2003 through August 2003 and will definitely procure Last Resort  
16 Service for the September 2002 through February 2003 period. Depending on prices received,  
17 the Company may, after consulting with the Division, procure its supply for the March 2003  
18 through August 2003 period as well.



1

2 Q. What pricing options will the Company seek in the RFP?

3 A. As with prior procurements, the Company will seek pricing on an “as delivered” energy basis.

4 Under this price option, the Company will only pay for Last Resort Service that is consumed by

5 Last Resort Service customers. There will be no demand charges and no minimum purchase

6 requirements or maximum purchase limits. The price is to include all commodity related costs

7 associated with the supply of Last Resort Service.

8

9 Q. Why is the Company proposing to receive initial, indicative bids as well as final, binding bids?

10 A. Due to the volatility in wholesale market prices, bid pricing is only valid for a short time after

11 receipt of the bids. The Company requests initial, indicative bids at the time responses are

12 received so that it can perform an initial ranking of the bids and verify that bid pricing is in a form

13 acceptable to the Company. The Company then reviews the qualifications of each bidder and

14 addresses any outstanding commercial/contractual issues with bidders so that the Company is

15 prepared to promptly accept a final, binding price upon its receipt.

16

17 Q. How will the Company select a winning supplier?

1 A. The Company will select a winning supplier from those bidders that have demonstrated their  
2 ability to provide the service during the delivery period, have acceptable financial strength or  
3 provide required financial security and who will execute a power supply contract that is  
4 acceptable to the Company. Of this pool of bidders the winning supplier will be the bidder that  
5 offers the lowest price for Last Resort Service.

6  
7 If the Company procures Last Resort Service for a twelve-month period, the Company may  
8 select 2 winning suppliers. In this situation, the Company will select the lowest cost bidder for  
9 each of the six-month periods – depending on bids received that could result in one supplier for  
10 the entire twelve-month period or a different supplier for each six-month period.

11  
12 Q. Will the Company enter into a power supply contract in the exact form as the proposed  
13 contract in the RFP provided in Exhibit MJH-3?

14 A. Not necessarily. If the winning supplier accepts the proposed contract language, the Company  
15 will execute a power supply contract in the proposed form. However, it has been the  
16 Company's experience that each wholesale supplier has unique changes that it requires to  
17 certain sections of the proposed contract; therefore, the Company will, as it has in the past,  
18 negotiate changes with individual suppliers. Any changes made in the contract language are not

1 intended to shift risks or costs between the supplier and the Company, they are intended to  
2 address wording preference of the counterparty or to add clarity and specificity to sections that  
3 the counterparty and Company feel are necessary to achieve a clear definition of the parties  
4 obligations under the contract. To the extent a contractual change would shift risks or costs  
5 between the supplier and the Company, the Company will evaluate the economic cost of the  
6 proposed shift and factor the cost into the bid price. Any such analysis, if any, will be clearly  
7 identified in the Company's informational filing with the Commission.

8  
9 Q. Will the Division have the ability to provide input to the selection process?

10 A. Yes. During the bid evaluation process, the Company will provide the Division with a summary  
11 of the initial bids as well as final, binding prices. The Division will have an opportunity to  
12 provide comments, concerns and input to the Company upon its review of the materials  
13 provided. The Company will be responsible for making the final decision as to which bid and  
14 contractual terms will be accepted.

15  
16 Q. What information will be made available to the Commission?

17 A. After executing a power supply contract, the Company will file with the Commission, on a  
18 confidential basis, a summary of the initial and final bids received as well as the final executed

1 power supply contract. This filing will be for informational purposes only and no action on the  
2 part of the Commission will be required.

3 Q. How will Last Resort Service rates be established?

4 A. After executing a power supply contract for Last Resort Service, the Company will establish the  
5 Last Resort Service rate to be charged to Last Resort Service customers based on the  
6 provisions of the Company's Last Resort Service Tariff. As established in Docket No. 3005,  
7 the Company will file the Last Resort Service rate with the Commission no later than August 23,  
8 2002 (5 days prior to the start of the new supply period). As provided for in the Last Resort  
9 Service Tariff the Last Resort Service rate for residential customers will be set equal to the  
10 Company's Standard Offer Service rate and for non-residential customers will be set equal to  
11 the higher of the Company's cost to procure Last Resort Service or 4.5¢/kWh.

12  
13 **V. Future Acquisition Plans**

14 Q. Is the Company's proposed Acquisition Plan to cover future procurements as well?

15 A. No. Given the current relatively small amount of Last Resort Service load requirements as well  
16 as the short time frame before a new supply arrangement is needed to be in effect, the Company  
17 is proposing that the current Acquisition Plan only cover the upcoming six- to twelve-month

1 procurement period. The Company will file a new Acquisition Plan before it proceeds with its  
2 next procurement.

3  
4 Q. Will the next Acquisition Plan be similar to the currently proposed Acquisition Plan?

5 A. That depends on the circumstances surrounding Last Resort Service at the time, such as the  
6 amount of load served and the status of the competitive marketplace. The next plan may be  
7 identical to the current plan or may contain changes to reflect changes in the market place or  
8 Narragansett's requirements for Last Resort Service.

9  
10 Q. What changes may be considered?

11 A. Potential changes include (i) pricing Last Resort Service by rate class/customer type (residential,  
12 commercial, industrial) versus on a uniform basis, (ii) requiring a minimum term commitment  
13 from customers who enroll in Last Resort Service, (iii) procuring for longer periods (say up to 2  
14 years), or (iv) pricing Last Resort Service in a manner that encourages customers to return to  
15 the competitive marketplace. The Company will discuss these issues with the Division and other  
16 stakeholders and make recommendations for changes when appropriate.

17  
18 Q. When does the Company anticipate filing the next Acquisition Plan?

1     A.     If the Company procures a six-month supply for Last Resort Service, the Company will file the  
2           next Acquisition Plan in Fall 2002. If the Company procures a twelve-month supply for Last  
3           Resort Service, the Company will file the next Acquisition Plan in Winter 2003.

4

5     **VI.    Conclusion**

6     Q.     Does this conclude your testimony?

7     A.     Yes. It does.

The Narragansett Electric Company  
Re: Last Resort Service Acquisition Plan  
Witness: Hager  
Exhibit MJH-1

Last Resort Service

Historical Customer Enrollments

**Last Resort Service Customer Counts**

**Number of Customers in Each Rate Class as of**

<u>Rate Class Designation</u>														
<u>Prior</u>	<u>Current</u>	<u>Cycle 21 - May '00</u>	<u>Cycle 21 - Jun '00</u>	<u>Cycle 21 - Jul '00</u>	<u>Cycle 21 - Aug '00</u>	<u>Cycle 21 - Sep '00</u>	<u>Cycle 21 - Oct '00</u>	<u>Cycle 21 - Nov '00</u>	<u>Cycle 21 - Dec '00</u>	<u>Cycle 21 - Jan '01</u>	<u>Cycle 21 - Feb '01</u>	<u>Cycle 21 - Mar '01</u>	<u>Cycle 21 - Apr '01</u>	<u>Cycle 21 - May '01</u>
<b>The Narragansett Electric Company</b>														
A-10	A-16, A-60, A-62	750	740	733	730	728	721	714	712	711	710	704	703	697
A-11	A-18	65	65	65	65	62	61	60	59	57	56	54	54	54
A-30	A-32	45	45	45	45	45	45	45	45	45	45	45	45	45
-	A-34	0	0	0	0	0	0	0	0	0	0	0	0	0
-	B-32	0	0	0	0	0	0	0	0	0	0	0	0	0
-	B-62	0	0	0	0	0	0	0	0	0	0	0	0	0
C-02	C-06, C-08	345	345	345	342	339	338	338	338	337	336	333	329	329
E-01	E-30	0	0	0	0	0	0	0	0	0	0	0	0	0
E-10	E-40	3	3	3	3	3	3	3	3	3	3	3	3	3
G-00	G-02	263	262	261	256	257	256	256	256	257	257	258	258	258
-	G-22	96	99	99	99	99	99	99	99	99	99	98	98	98
G-30	G-32	66	66	66	69	69	69	69	69	69	68	65	65	64
G-60	G-62	6	6	6	6	6	6	6	6	6	5	3	3	3
	M1A&B	0	0	0	0	0	0	0	0	0	0	0	0	0
-	N-01	0	0	0	0	0	0	0	0	0	0	0	0	0
R-00	R-02	153	153	153	153	153	153	153	153	153	153	153	153	153
	S-00	157	156	156	155	155	155	155	155	155	155	155	155	155
	T-00	21	21	21	21	21	21	21	21	21	21	21	21	21
	V-00	0	0	0	0	0	0	0	0	0	0	0	0	0
		1,970	1,961	1,953	1,944	1,937	1,927	1,919	1,916	1,913	1,908	1,892	1,887	1,880

**The Narragansett Electric Company**

		<u>Cycle 21 - June '01</u>	<u>Cycle 21 - July '01</u>	<u>Cycle 21 - Aug '01</u>	<u>Cycle 21 - Sept '01</u>	<u>Cycle 21 - Oct '01</u>	<u>Cycle 21 - Nov '01</u>	<u>Cycle 21 - Dec '01</u>	<u>Cycle 21 - Jan '02</u>	<u>Cycle 21 - Feb '02</u>	<u>Cycle 21 - Mar '02</u>	<u>Cycle 21 - Apr '02</u>	<u>Cycle 21 - May '02</u>
A-10	A-16, A-60, A-62	694	646	594	591	587	578	574	573	571	567	564	558
A-11	A-18	53	50	48	48	48	48	48	46	46	46	46	46
A-30	A-32	45	29	13	12	12	12	13	13	13	13	14	14
-	A-34	0	0	0	0	0	0	0	0	0	0	0	0
-	B-32	0	0	0	0	0	0	0	0	0	0	0	0
-	B-62	0	0	0	0	0	0	0	0	0	0	0	0
C-02	C-06, C-08	327	137	26	26	21	19	19	20	21	21	21	22
E-01	E-30	0	0	0	0	0	0	0	0	0	0	0	0
E-10	E-40	3	3	0	1	1	1	1	1	1	1	1	1
G-00	G-02	258	133	18	15	9	8	8	8	8	8	8	8
-	G-22	98	79	33	32	32	32	32	28	28	28	27	27
G-30	G-32	64	39	10	9	6	6	6	6	6	6	6	6
G-60	G-62	3	1	1	1	1	1	1	1	0	0	0	0
	M1A&B	0	0	0	0	0	0	0	0	0	0	0	0
-	N-01	0	0	0	0	0	0	0	0	0	0	0	0
R-00	R-02	153	2	1	1	0	0	0	0	0	0	0	0
	S-00	155	28	22	23	21	21	21	21	21	21	21	21
	T-00	21	10	1	0	0	0	0	0	0	0	0	0
	V-00	0	0	0	0	0	0	0	0	0	0	0	0
		1,874	1,157	767	759	738	726	723	717	715	711	708	703

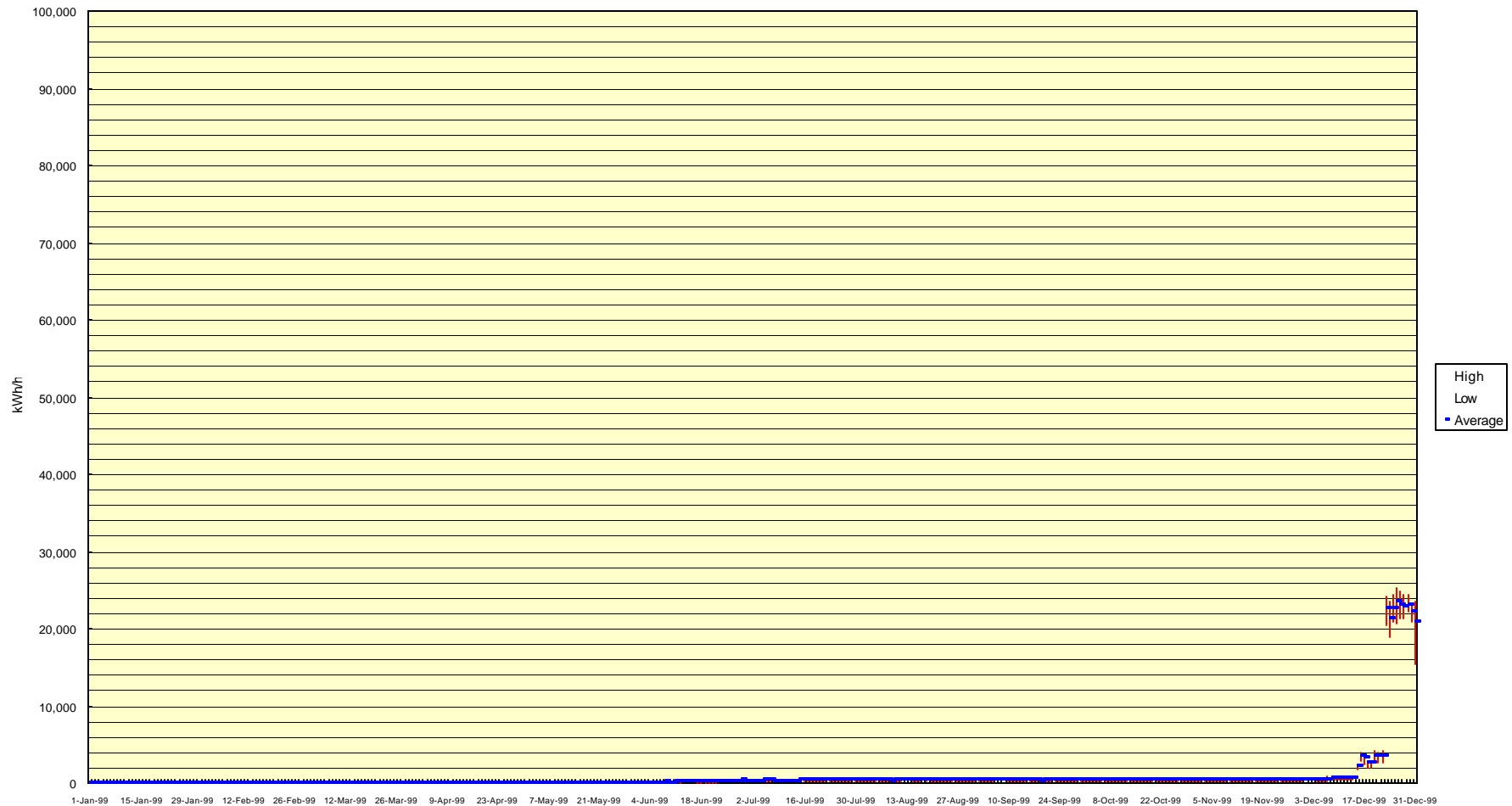


The Narragansett Electric Company  
Re: Last Resort Service Acquisition Plan  
Witness: Hager  
Exhibit MJH-2

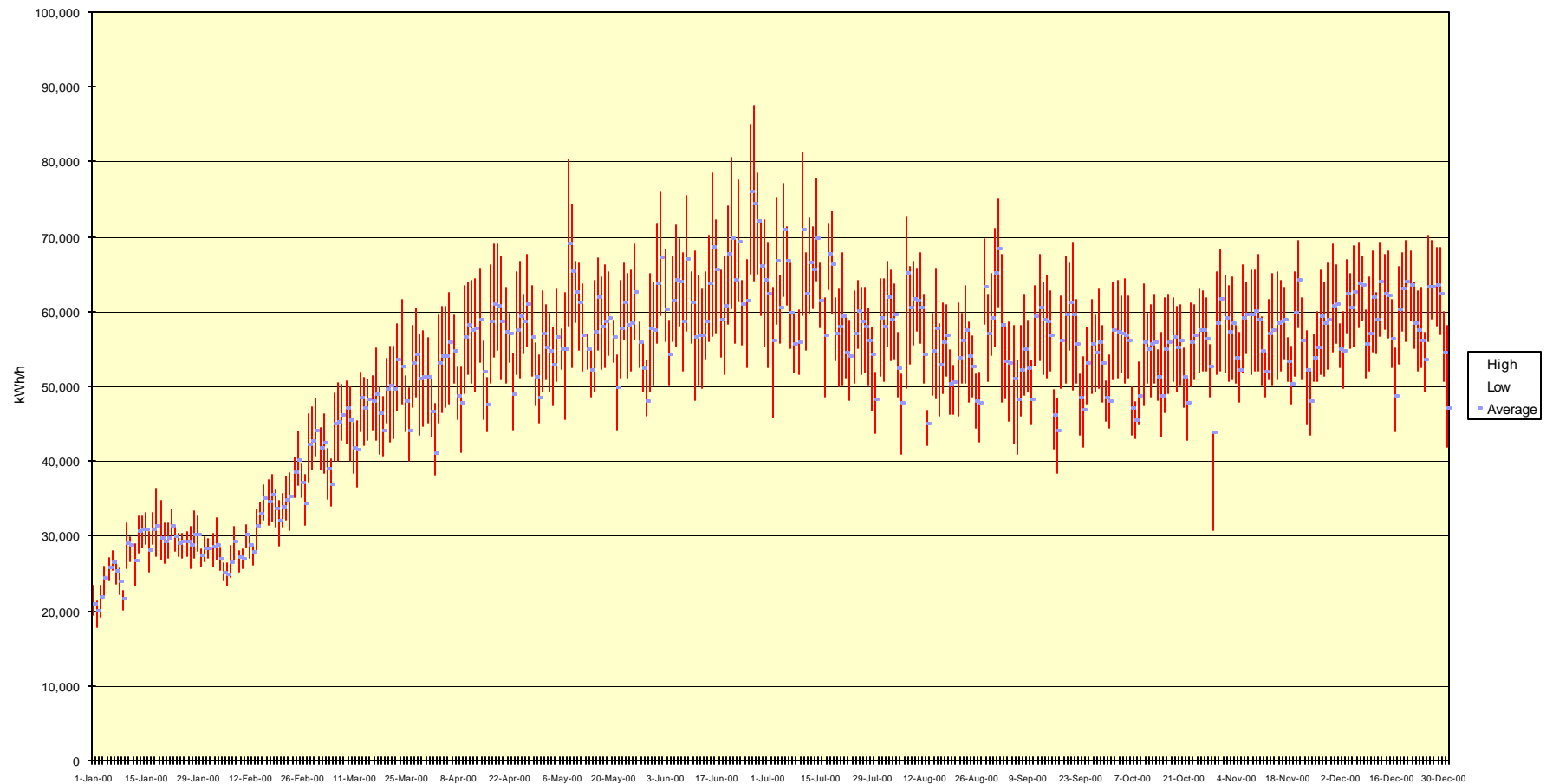
Last Resort Service

Historical Load Requirements

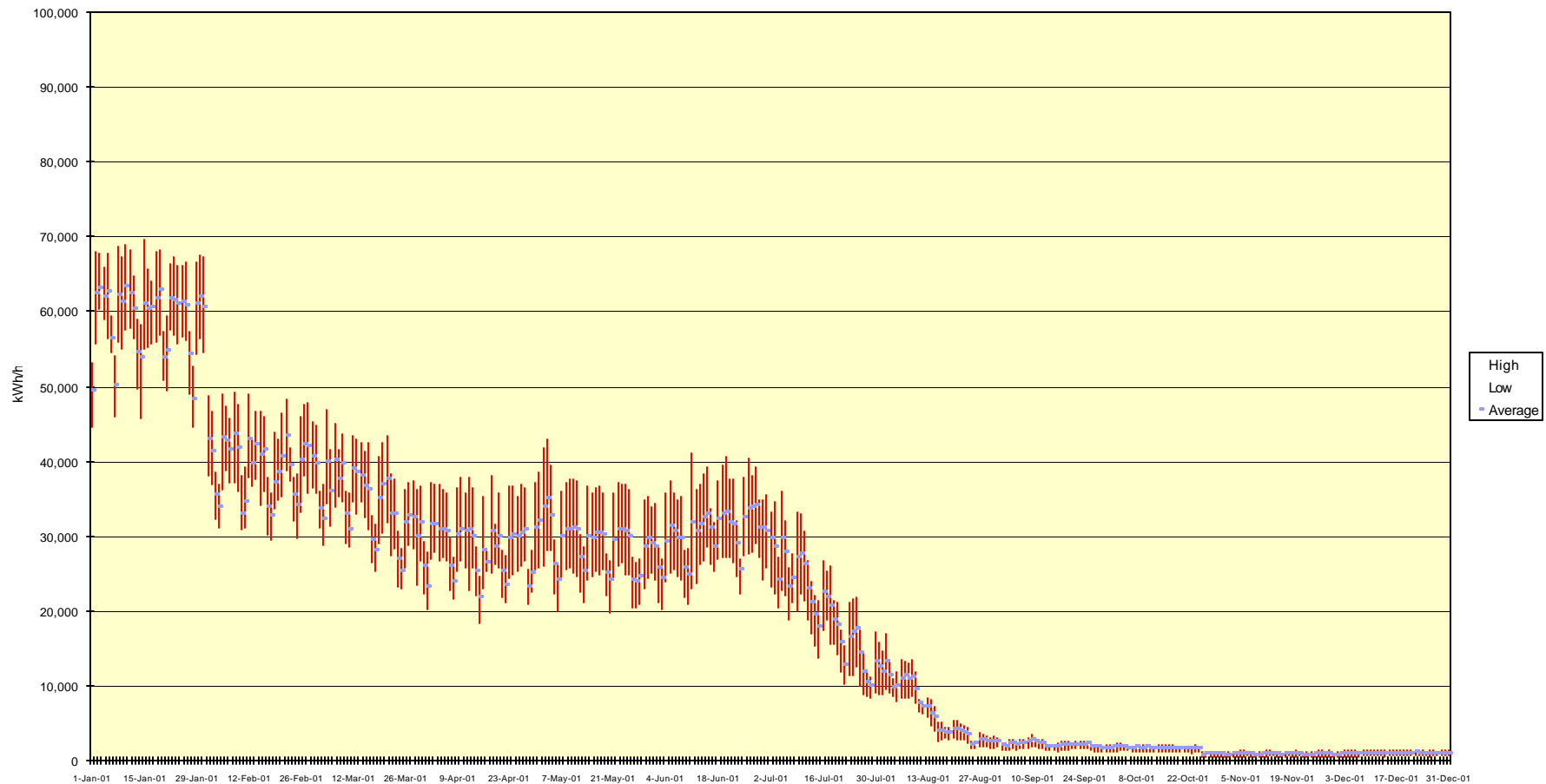
The Narragansett Electric Company  
Last Resort Service Requirements- Narragansett Zone  
Calendar Year 1999



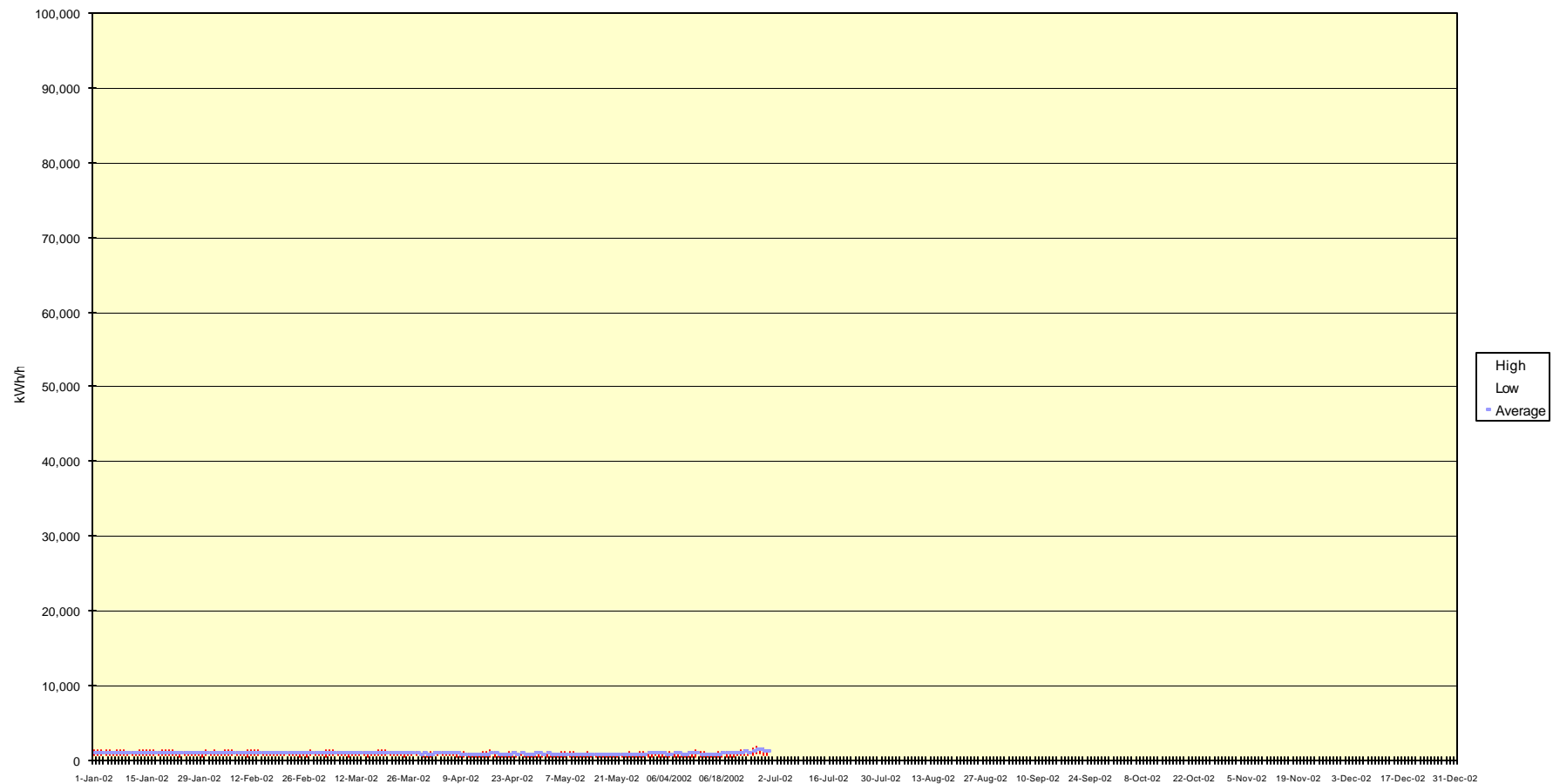
The Narragansett Electric Company  
Last Resort Service Requirements- Narragansett Zone  
Calendar Year 2000



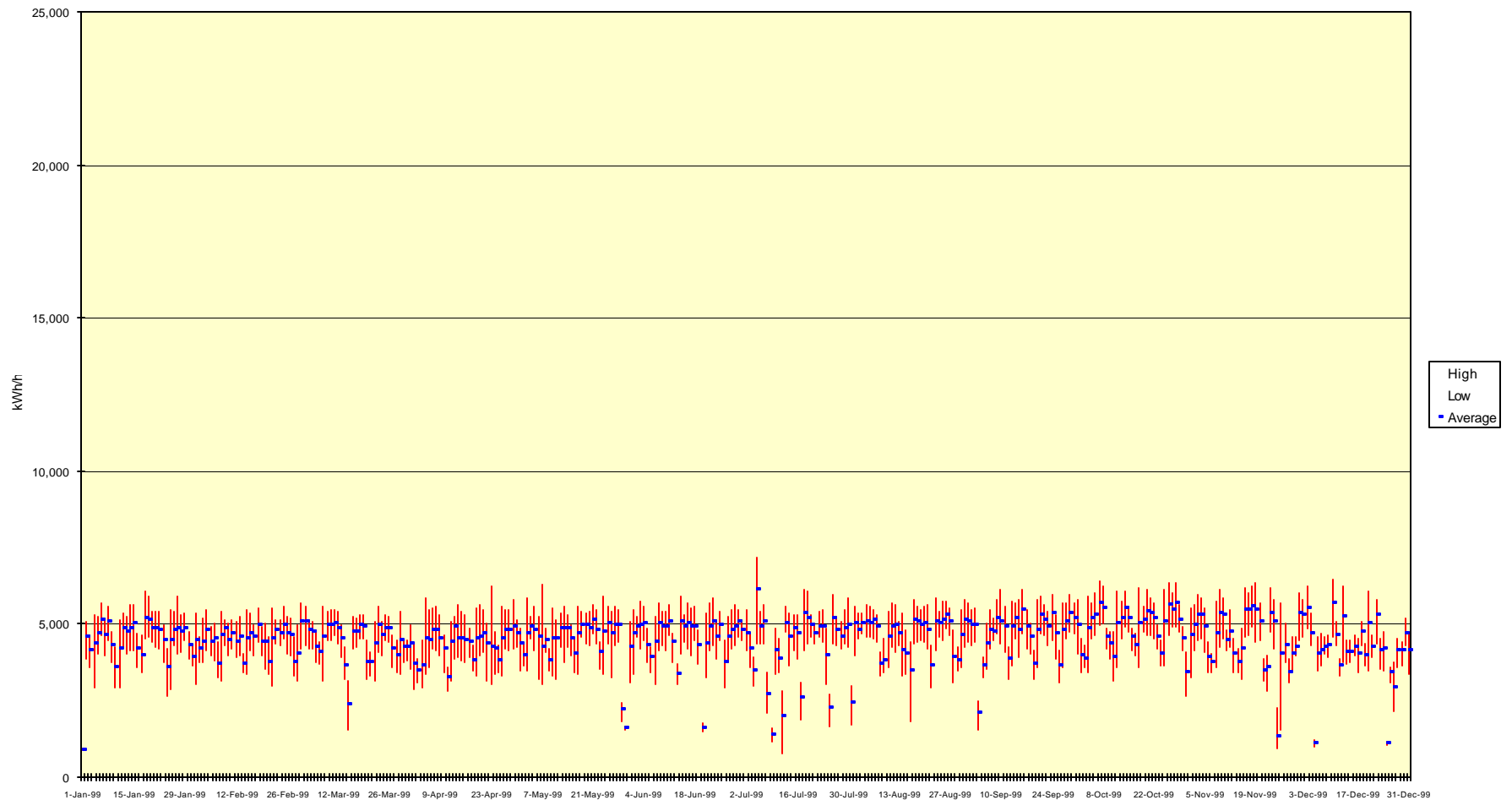
The Narragansett Electric Company  
Last Resort Service Requirements- Narragansett Zone  
Calendar Year 2001



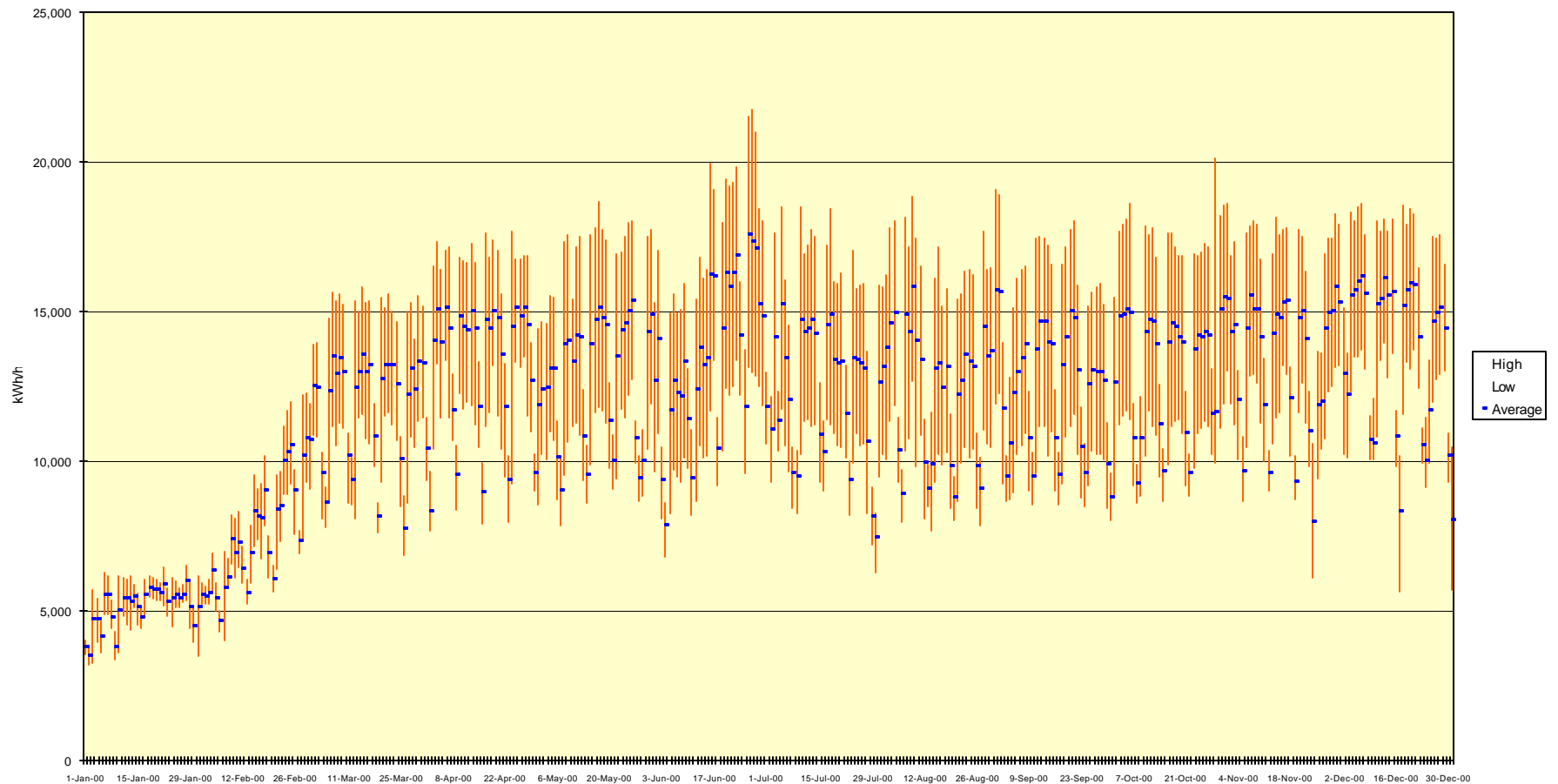
The Narragansett Electric Company  
Last Resort Service Requirements- Narragansett Zone  
Calendar Year 2002



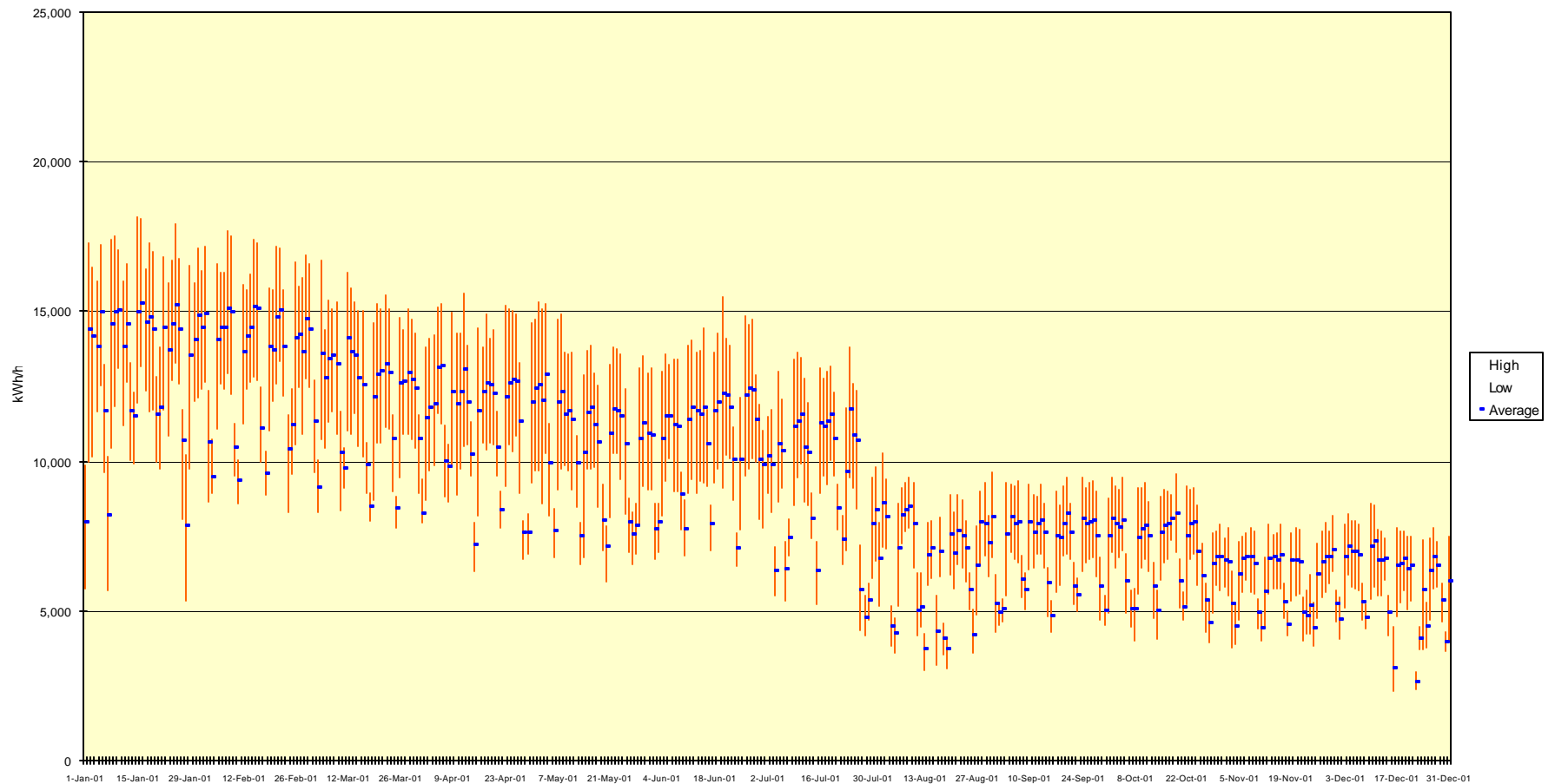
The Narragansett Electric Company  
Last Resort Service Requirements- EUA Zone  
Calendar Year 1999



The Narragansett Electric Company  
Last Resort Service Requirements- EUA Zone  
Calendar Year 2000

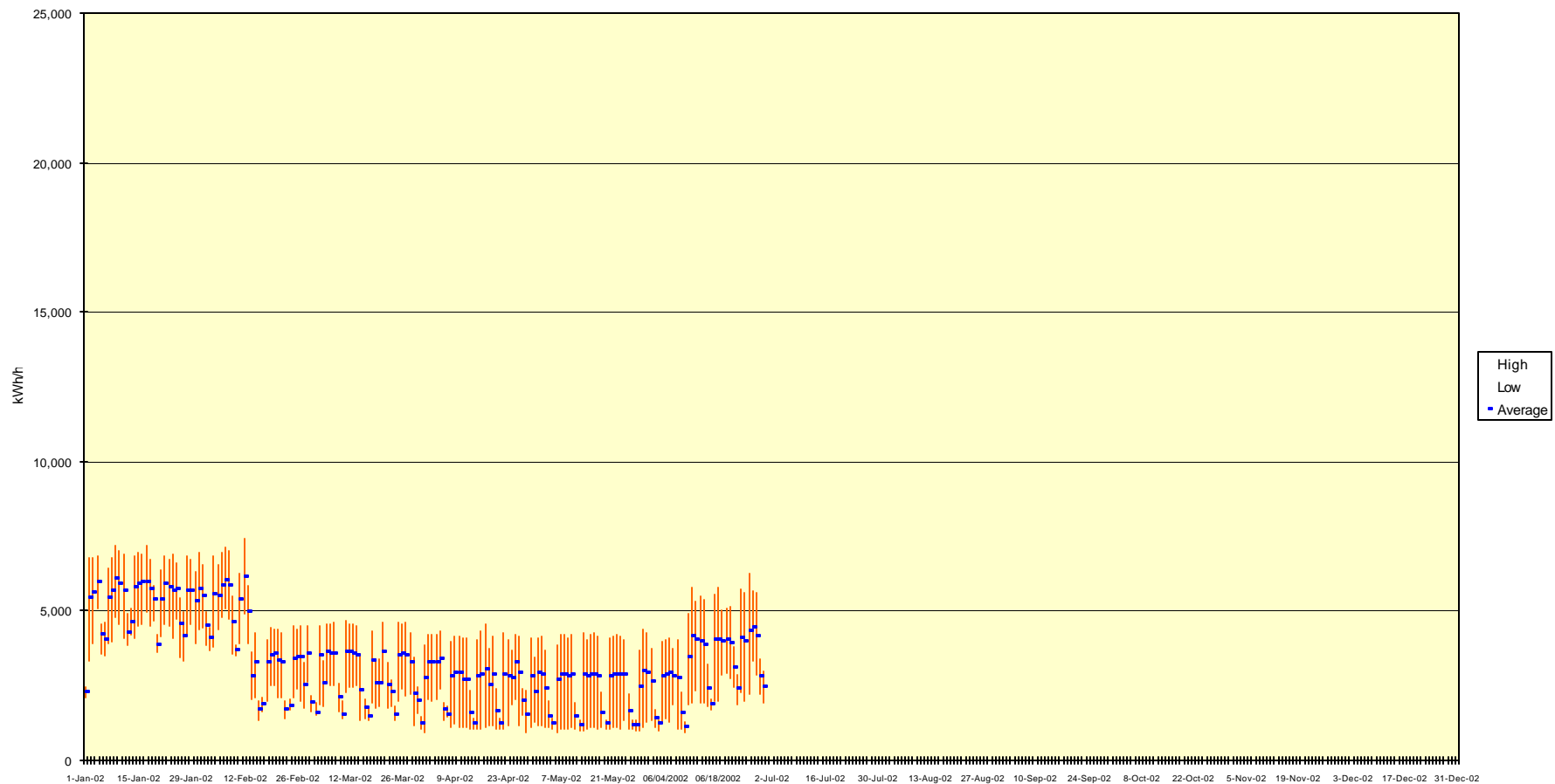


The Narragansett Electric Company  
Last Resort Service Requirements- EUA Zone  
Calendar Year 2001





The Narragansett Electric Company  
Last Resort Service Requirements- EUA Zone  
Calendar Year 2002



The Narragansett Electric Company  
Re: Last Resort Service Acquisition Plan  
Witness: Hager  
Exhibit MJH-3

Form of Request for Proposal

# Request For Power Supply Proposals

The Narragansett Electric Company

- Last Resort Service

For the Periods:

September 1, 2002 – February 28, 2003

March 1, 2003 – August 31, 2003

**July 19, 2002**

**Narragansett Electric**

A **National Grid** Company



## **REQUEST FOR POWER SUPPLY PROPOSALS**

### **1. Overview**

Legislation and wholesale restructuring settlement agreement in Rhode Island<sup>1</sup> provide for competition in the electric utility industry by extending competition in the wholesale power supply markets to retail customers through the provision of retail access to all customers.

The Rhode Island URA provided access for all retail customers of The Narragansett Electric Company (including the former Blackstone Valley Electric Company and Newport Electric Company) ("Narragansett" or "the Company") as of January 1, 1998.

Beginning on the retail access date, Narragansett's retail customers have received generation service from either their choice of competitive suppliers or from Narragansett through its Standard Offer Service option or its Last Resort Service option. Narragansett must periodically procure its Last Resort Service requirements in the competitive marketplace. The specific requirements for such procurement can be found in the URA.

Narragansett hereby seeks proposals from qualified power suppliers to be the supplier of firm, load-following power to meet the requirements of its Last Resort Service customers. The proposals are to cover either or both of the periods September 1, 2002 to February 28, 2003 ("Period A") and/or March 1, 2003 to August 31, 2003 ("Period B").

Narragansett is seeking a Supplier for each period to provide all of the services. A single Supplier may serve both periods. Narragansett will award service based on the bids received and the best interests of its retail customers.

### **2. Description of Service**

#### **2.1 Description**

Appendix A contains an overview of the service covered by this Request for Proposals. The Appendix provides:

- A brief description of the service;
- The eligibility requirements for a customer to obtain the service; and

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<sup>1</sup> The Rhode Island Utility Restructuring Act of 1996 ("Rhode Island URA" or "URA") and as modified in June 2002 (need specific site).

- The number of customers taking the service as of the final billing day in June 2002.

## 2.2 Expected Loads

Narragansett is unable to predict the amount of load that will be required to meet the needs of Last Resort Service, if any. Narragansett's customers are free to leave Last Resort Service at any time to take service from competitive suppliers. If they leave their competitive supplier, they are free to return to Last Resort Service at any time or take service from a different competitive supplier. The ability of customers to enroll or return to Last Resort Service is described in Appendix A.

Respondents may not limit the amount of service that may be purchased. Proposals which contain limits on the amount of service provided will be rejected <sup>2</sup>.

The amount of load for Last Resort Service to be supplied by the winning Supplier(s) will be determined in accordance with the procedure contained in Article 6 of the proposed Power Supply Agreement, a copy of which is provided in Appendix B.

To assist Respondents in determining the potential load requirements, Narragansett is able to provide the following information:

- Aggregate historical wholesale hourly load data
- Class average load shapes (available at Narragansett's website: [www.narragansett.com](http://www.narragansett.com)).
- Historical customer counts, as of the last billing day in each month, by rate class. These counts represent the number of active accounts in each rate class as of the last billing day in each month.

## 3. General Provisions

### 3.1 Terms and Conditions

The winning Supplier(s) will be the supplier of Last Resort Service for the period(s) covered by this Request for Proposal. Service will be provided by such Supplier(s) to Narragansett in accordance with the terms and conditions of the Power Supply Agreement. A copy of the proposed Power Supply Agreement is provided in Appendix B. The winning Supplier(s) will

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<sup>2</sup> A winning Supplier(s) must meet 100% of Last Resort Service load. Bids to serve less than 100% of Last Resort Service load will be rejected. Bids that offer to serve Last Resort Service load provided that the amount of service purchased does not exceed [specified value] MW in any hour will also be rejected.

be required to execute the applicable Power Supply Agreements within five (5) business days of being notified that it has been selected as the winning Supplier.

Any proposed changes to the proposed Agreement are to be included with Respondent's response to this Request For Proposals.

### 3.2 Proposal Process and Submission Dates

The following table outlines the key dates associated with this procurement process.

<b>Process Step</b>	<b>Date</b>
Issue Request for Proposal	July 19, 2002
Submit Proposal Information and Proposed Contract Modifications	August 12, 2002 – 12noon EPT
Submit Final Pricing	August 15, 2002 – 9:30am EPT
Service Begins	September 1, 2002 for Period A or March 1, 2003 for Period B

Narragansett is conducting the procurement process in two steps. The first step is for Respondents to provide Narragansett with their initial bid response, which includes background information, financial information, proposed pricing of service (for Period A and/or Period B, individually or aggregated) and proposed contract modifications. Upon receipt, Narragansett will evaluate Respondent's qualifications, proposed contract modifications and proposed pricing. One (1) copy of a Respondent's initial proposal information and proposed contract modifications must be received at the following address by 12noon EPT on Monday, August 12, 2002:

Mr. John D. Warshaw  
Energy Supply – New England  
National Grid USA Service Company, Inc.  
55 Bearfoot Road  
Northboro, MA 01532  
(508) 421-7357  
(508) 421-7335 (fax)  
e-mail: john.warshaw@us.ngrid.com

Proposal Information may be submitted by facsimile or e-mail.

The second step in this process is for Respondents to provide final binding pricing information by 10:00 a.m. EPT on Thursday, August 15, 2002 at the above address. It is Narragansett's

intention to evaluate the final pricing and select a Supplier(s) that very same day. Narragansett will then inform the selected Respondent(s) that they are the winning Supplier(s). Respondents are requested to specify the manner in which they prefer to receive a binding acceptance of their offer by Narragansett prior to receipt of an executed contract (i.e., verbal, letter of intent, e-mail or executed contract) or they will be deemed to be bound by Narragansett's acceptance communicated in any of the preceding manners.

Narragansett, at its sole discretion, reserves the right to issue additional instructions or requests for additional information, to extend the due date, to modify any provision in the Request for Proposal or any appendix hereto and to withdraw the Request for Proposals.

### 3.3 Contact Person/Questions

All questions regarding this Request for Proposal should be directed to John D. Warshaw at the address provided above.

### 3.4 Right to Select Supplier

Narragansett shall have the exclusive right to select or reject any and/or all of the proposals submitted at any time, for any reason

## 4. Service Features

### 4.1 Commencement Date of Supply

The Supplier selected to provide service during Period A will begin Last Resort Service to Narragansett as of HE 0100 EPT on September 1, 2002. The Supplier selected to provide service during Period B will begin Last Resort Service to Narragansett as of HE 0100 EPT on March 1, 2003 ("Commencement Dates").

Service from Narragansett to individual customers who are enrolled in Last Resort Service as of the Commencement Dates, if any, will continue with the winning Supplier(s) providing such service to Narragansett as of the Commencement Dates.

Service from Narragansett to individual customers not taking Last Resort Service as of the Commencement Dates shall begin on the customer's meter reading date following notification/determination that a customer will be commencing such service or such other date designated by Narragansett.

Narragansett's procedures provide for customers to be switched from one service option to another (e.g., from Standard Offer Service/Last Resort Service to a competitive supplier, from

one competitive supplier to another competitive supplier, from a competitive supplier to Last Resort Service) on their normal cycle meter reading date. However, there may be circumstances (e.g., default of a competitive supplier) which might require a customer to be switched to Last Resort Service "off-cycle". In such case, the customer will be switched to Last Resort Service on a date designated by Narragansett.

Narragansett's customer enrollment process allows a competitive supplier to dispute/challenge any notice it receives that a customer will be enrolled in the service it is providing. The Supplier(s) of Narragansett's Last Resort Service may not dispute/challenge any notice that a customer will be enrolled in the service.

#### 4.2 Termination Date of Supply

Service from the winning Supplier(s) to Narragansett shall terminate at HE 2400 EPT on February 28, 2003 for Period A and August 31, 2003 for Period B. The termination date will be set at the time of bid acceptance and contract execution.

Individual customers taking Last Resort Service may terminate the service at any time. Terminations may include, but not be limited to, (i) a customer's taking competitive service from a competitive supplier, (ii) disconnection of service by Narragansett in accordance with regulations and procedures approved by the RIPUC, or (iii) closing of a customer's account. Narragansett's procedures provide for customers electing to terminate such service to be switched to their successor service on their normal cycle meter reading date following the date that Narragansett receives notification of such switch.

Narragansett's customer enrollment process allows a competitive supplier to dispute/challenge any notice it receives that a customer will be terminated from the service for which it is providing. The Supplier(s) of Narragansett's Last Resort may not dispute/challenge any notice that a customer will be terminated from the service.

#### 4.3 Delivery Points

Prior to the implementation of Standard Market Design ("SMD") and Locational Marginal Pricing ("LMP"), the supply of power for Last Resort Service shall be delivered to a point or points on the NEPOOL PTF system. This will include sufficient power for any electrical losses between the delivery point and the meters of Narragansett's customers taking Last Resort Service. The Supplier(s) of Last Resort Service will be responsible for any PTF losses allocated by the ISO to their account. After implementation of SMD/LMP, the Supplier(s) of Last Resort Service will be responsible for delivering power to the nodes/zones representing the actual locations of customers receiving Last Resort Service.

#### 4.4 Form of Service



The Supplier(s) of Last Resort Service shall be responsible for meeting one hundred percent (100%) of the service requirements for all of Narragansett's customers taking such service. These service requirements include the generation and/or market procurement and delivery, to any location on the NEPOOL PTF system, of the portion of the electric capacity, energy and ancillary services required to meet the needs of Narragansett's ultimate customers taking Last Resort Service. As the supplier of Last Resort Service, Supplier(s) will be responsible for all present or future requirements and associated costs for Installed Capability, Energy, Operating Reserves, Automatic Generation Control, losses, uplift costs and any congestion charges to the extent such charges are not imposed on Narragansett as a transmission charge by NEPOOL or the ISO, associated with the services and any other requirements, market products, expenses or charges imposed by NEPOOL or the ISO, as they may be in effect from time to time associated with the supply of Last Resort Service.

The Supplier(s) will also be responsible for all transmission and distribution losses associated with delivery of the electricity from the delivery point to the customer's meter including PTF losses allocated to the Supplier(s) by the ISO. A description of the estimation process for determining supplier hourly load can be found in Appendix A of the proposed Power Supply Agreement, found in Appendix B of this Request for Proposals.

Narragansett will make arrangements for NEPOOL Regional Network Service, which provides for transmission over PTF, and Local Network Service from any applicable local transmission provider(s), which provides for transmission over non-PTF. Narragansett will be billed by NEPOOL and the applicable local transmission provider(s) for these services. Narragansett will pay these bills and collect the costs, along with Narragansett's distribution costs, from its customers through its retail distribution tariffs. Any other transmission or distribution costs will be the Suppliers(s)' responsibility, including any PTF losses allocated to the Supplier(s) by the ISO.

#### 4.5 Implementation of SMD with a Congestion Management System and a Multi-Settlement System

If the SMD currently planned for NEPOOL, which includes a Congestion Management System and Multi-Settlement System is implemented during the delivery period covered by this Request For Proposals, the Supplier(s) shall be responsible for all obligations, requirements, and costs associated with the Supplier(s) having the Day-Ahead Load Obligations, Day-Ahead Adjusted Load Obligations, Real-Time Load Obligations, and Real-Time Adjusted Load Obligations at the nodes/zones representing the actual locations of Last Resort Service. The Supplier(s) associated responsibilities shall include, but not be limited to, Operating Reserves and Net Commitment Period Compensation charges, Emergency Energy charges, and RMR Uplift charges. The Supplier(s) shall be responsible for all decisions and data submissions associated with any bids into the market system to manage these obligations. The Supplier(s) shall be

responsible for all components of any Locational Marginal Prices the Supplier(s) must pay in relation to delivery of the services. These components include the energy, marginal losses, and congestion charges. The Supplier(s), as the entity responsible for paying all congestion charges for delivery to the location of the services load, will be entitled to receive any Financial Transmission Rights Auction revenues associated with Auction Revenue Rights that may be assigned to the Last Resort Service load. Narragansett will agree to assign, transfer or pay, as applicable, to the Supplier(s) any and all proceeds from the auction of such rights that may be allocated to Narragansett that are associated with the Supplier(s) portion of the Last Resort Service load.

## **5. Proposal Requirements**

### **5.1 Format of Proposal**

The information required by Narragansett to evaluate each proposal is identified in Appendix C. Respondents may simply complete the forms provided in Appendix C in any legible fashion and return them to John D. Warshaw as provided in Section 3.2. In addition, proposals should contain explanatory, descriptive and/or supporting materials as necessary.

### **5.2 Proposed Pricing**

Respondents must specify the price at which they will provide the services. Purchases will be made on an "as-delivered" energy basis in which prices are stated on a fixed \$/MWh basis. Such prices may vary by calendar month but must be uniform for the entire calendar month and cover the entire term of either Period A or Period B. A Respondent may bid on either Period A or Period B or both periods.<sup>3</sup>

Prices which contain demand components, minimum purchase requirements or which vary by time-of-use within a calendar month will be rejected. Prices which exclude one or more market costs (e.g. uplift costs, Installed Capacity, etc.) may, at Narragansett's discretion, be rejected.

It is Narragansett's intention to pay a Supplier(s) based on the billing determinants as defined in the proposed Power Supply Agreement. These billing determinants are the loads as reported to the ISO, which include transmission and distribution losses, and exclude any PTF losses allocated to the Supplier(s) by the ISO during settlement.

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<sup>3</sup>For example; a Respondent may bid to provide the services at \$35/MWh in June and \$38/MWh in August.

### 5.3 Terms and Conditions

Service will be provided pursuant to the terms of the proposed Power Supply Agreement provided in Appendix B. Should a Respondent request Narragansett consider any changes to the proposed terms, such request must be presented to Narragansett with its initial proposal information by Monday, August 12, 2002.

### 5.4 NEPOOL Membership

Each Respondent must indicate whether it is currently a member of NEPOOL or if it plans to become a member and, if so, at what point it is in the application process and the time frame for completing the process. Respondents must also have a settlement account established with the NEPOOL billing system or have an agreement in place with a NEPOOL member whereby the NEPOOL member agrees to include the Supplier's load in the member's settlement account. Respondent must also provide evidence of agreements with a NEPOOL member if Respondent will have another NEPOOL member carry its loads. In either case, the NEPOOL member must be in good standing with NEPOOL as of the commencement date and for the duration of the agreement.

### 5.5 Competitive Supplier Registration

The service provided by the Supplier(s) to Narragansett is a wholesale transaction between the Supplier(s) and Narragansett; therefore, the Supplier(s) does not have to be a licensed or registered supplier with the Rhode Island Public Utilities Commission ("RIPUC").

All suppliers are welcome to submit bids in response to this Request for Proposal, including those suppliers that are registered with the various state regulatory commissions.

### 5.6 Regulatory Approvals

The Supplier(s) of Last Resort Service covered by this Request for Proposal must obtain all necessary regulatory approvals required to enable it to provide the applicable service prior to September 1, 2002 for Period A and March 1, 2003 for Period B.

Narragansett has filed an Acquisition Plan with the RIPUC pursuant to R.I.G.L 39-1-27(c). Narragansett must acquire a Last Resort Service supply that is consistent with an approved Acquisition Plan. Narragansett expects approval of its Acquisition Plan prior to August 12, 2002, when initial proposal information is due. If the RIPUC approves an Acquisition Plan different from that contemplated in this Request for Proposals, Narragansett will inform all potential bidders of such changes.

## 6. Retail Customer Relationships

#### 6.1 Customer Billing

All customers taking Last Resort Service will be retail customers of Narragansett. As the retail provider of Last Resort Service, Narragansett will bill customers for the service provided.

#### 6.2 Notification of Enrollments and Terminations

Narragansett will provide electronic notification to the Supplier(s) of Last Resort Service of customer enrollments and terminations which involve customers taking Last Resort Service. Enrollment information will include account number, rate class and commencement date of service. Termination information will include account number, rate class and termination date of service. Such notifications will only be provided once a Supplier(s) has established an account on the Advantis Value Added Network and only if the Supplier(s) pays all costs associated with the Supplier's use of the VAN.

#### 6.3 Customer Service

Narragansett, as the retail provider of Last Resort Service, will provide customer service to all customers taking Last Resort Service.

### 7. Selection Process

The principal criteria to be used in evaluating proposals will include:

- Lowest evaluated bid price.
- Creditworthiness of the Respondent

### 8. Supplier Creditworthiness

In order to protect Narragansett's customers from the risk of Supplier default, a winning Supplier must be able to demonstrate it has the financial resources to perform throughout the term of the agreement. Respondents that are rated by a major credit rating agency must provide the ratings assigned by all such agencies. Respondents that are not rated by a major credit rating agency must provide the following information to enable Narragansett to evaluate a Respondent's creditworthiness:

- Respondent's organizational history
- Date of establishment
- Initial (if founded within the last ten years) and current capitalization

- Certified financial statements, including balance sheets and statements of income and cash flow with respect to the two previous fiscal years and the most recent interim period
- Forms 10-K and 10-Q, submitted to the United States Securities and Exchange Commission for the two previous fiscal years, if applicable;
- Short-term and long-term debt ratings from Moody's Investor Service or Standard & Poor's Corporation, if any, within the last ten years
- Corporate affiliates or joint venture partners including any details regarding financial limitations between partners or affiliates.

If a Respondent has provided this information to Narragansett or an affiliate in a response to a previous Request for Proposals, then the Respondent needs only to identify the date and to whom the information was submitted and update the previously-provided information.

If a Respondent's credit rating of its senior unsecured debt securities is at least investment grade with all major rating entities that rate Supplier (equal to or better than BBB-, as assigned by Standard and Poor's Rating Group, or equal to or better than Baa3, as assigned by Moody's Investor Services), and Respondent has not been put on a watch list, Narragansett, in its sole discretion, may elect to not require additional credit support. If a Respondent's credit rating or evaluated creditworthiness is below investment grade, Narragansett will require credit support to ensure sufficient credit support during the term of service. Such additional credit support could be in the form of a guarantee from an investment-grade rated company, a letter of credit or cash posting.

Narragansett agrees that it will treat the information it receives from a Supplier in a confidential manner and will not, except as required by law or regulatory authority, disclose such information to any third party or use such information for any purpose other than in connection with the Request for Proposals.

APPENDIX A

**DESCRIPTION OF SERVICE**



The Narragansett Electric Company		
Last Resort Service		
Description	Service provided to customers who are no longer eligible to receive Standard Offer Service and who are not otherwise receiving electric service from a competitive supplier.	
Eligibility Requirements	Customers who do not take electric service from a nonregulated power producer and are ineligible for Standard Offer Service are eligible to receive Last Resort Service. Customers may leave last resort to take electric supply from a nonregulated power producer or if the account is closed or Narragansett terminates the customer in accordance with applicable laws and regulations.	
Aggregate Number of Customers Taking Service as of the Last Billing Cycle Day, June 2002.  (Note: Narragansett will provide updated data when it is available)	<u>Rate Class</u> A-16, A-60, A-62 A-18 A-32 B-62 C-06, C-08 E-30 E-40 G-02 G-22 G-32 G-62 R-02 S-00 T-00 V-00	<u># of Customers</u> 556 44 14 0 23 0 1 8 27 7 0 0 22 0 0
Historical Load Profile	Available upon request from Narragansett	

**Narragansett Electric**

A **National Grid** Company



Request for Power Supply Proposals  
July 19, 2002

## **APPENDIX B**

### **PROPOSED POWER SUPPLY AGREEMENT**



## POWER SUPPLY AGREEMENT

This **POWER SUPPLY AGREEMENT** (“Agreement”) is dated as of **[date]** and is by and between THE NARRAGANSETT ELECTRIC COMPANY, a Rhode Island corporation (“Narragansett”) and **[Company], a [what]** (“Seller”). This Agreement provides for the sale by Seller of Last Resort Service, as defined herein, to Narragansett. Narragansett and Seller are referred to herein individually as a “Party” and collectively as the “Parties”.

### **ARTICLE 1. BASIC UNDERSTANDINGS**

Seller, in response to a Request for Proposal dated July 19, 2002 issued by Narragansett, has been selected to be the supplier of firm, load-following power to meet all of Narragansett’s requirements for Last Resort Service. This Agreement sets forth the terms under which Seller will supply Last Resort Service to Narragansett, for a six-month [twelve-month] period beginning on September 1, 2002 [August 31, 2003].

### **ARTICLE 2. DEFINITIONS**

As used in this Agreement, the following terms shall have the meanings specified in this Article. In addition, except as otherwise expressly provided, terms with initial capitalization used in this Agreement and not defined herein shall have the meaning as defined in the NEPOOL Agreement or by the ISO.

**Affiliate of Narragansett** means any company that is a subsidiary of National Grid USA.

**Business Day** means a 24-hour period ending at 5:00 p.m. EPT, other than Saturday, Sunday and any day which is a legal holiday or a day on which banking institutions in Providence, Rhode Island are authorized by law or other governmental action to close.

**Commencement Date** means the period at HE 0100 EPT on September 1, 2002 [March 1, 2003].

**Commission** means the Federal Energy Regulatory Commission.

**Competitive Supplier Terms** means Narragansett’s Terms and Conditions for Nonregulated Power Producers, R.I.P.U.C. No. 1124, as may be amended from time to time and approved by the RIPUC.

**Contract Rate** means the value equal to \$[tbd] per megawatt-hour.



**Credit Rating** means (i) the current rating assigned to an entity's unsecured, senior long-term debt obligations (not supported by third party credit enhancements) or, (ii) in the event the entity does not have a rating for its senior unsecured long-term debt, the current rating assigned to the entity as an issues rating by S&P, Moody's or any other rating agency agreed to by both Parties, in each Party's sole and exclusive judgement.

**Customer Disconnection Date** means the date a Narragansett retail customer taking service pursuant to the Last Resort Service Tariff is disconnected from service, as determined by Narragansett in accordance with the Distribution Service Terms.

**Customer Termination Date** means the date a Narragansett retail customer ceases to take service pursuant the Last Resort Service Tariff, as determined by Narragansett in accordance with the Last Resort Service Tariff.

**Delivered Energy** means the quantity of energy, expressed in megawatt-hours, provided by Seller under the terms of this Agreement. This quantity shall be the sum of the quantity of energy reported to the ISO by Narragansett for each of the Load Asset Contracts identified in Section 6.4, with such quantity determined by Narragansett in accordance with Section 6.3 of this Agreement. Such quantity does not include any allocation of PTF losses (which the ISO may assess to Seller on such energy), but does include transmission and distribution losses on Narragansett's System from the Delivery Point to the meters of Last Resort Service Customers.

**Delivery Point** means (i) prior to the implementation of SMD and LMP, any point or points on the NEPOOL PTF system; and (ii) after implementation of SMD and LMP, the nodes, if any, and if not, the zones, representing the actual locations of Last Resort Service Customers.

**Delivery Term** means the period beginning at HE 0100 EPT on September 1, 2002 [March 1, 2003] and continuing through and including HE 2400 EPT on February 28, 2003 [August 31, 2003].

**Distribution Service Terms** means Narragansett's Terms and Conditions, R.I.P.U.C. No. 1154, as may be amended from time to time and approved by the RIPUC.

**Eastern Rhode Island Zone** means the geographic area served by the former Blackstone Valley Electric Company and Newport Electric Corporation prior to their merger with and into Narragansett.

**EPT** means Eastern Prevailing Time.

**Initiation Date** means the date a Narragansett retail customer begins taking service pursuant to the Last Resort Service Tariff, as determined by Narragansett in accordance with the Last Resort Service Tariff.

**Interest Rate** means the rate provided under Commission regulations (i.e., 18 C.F.R. Section 35.19a,



as amended, superceded or revised).

**Investment Grade** means (i) with respect to a Credit Rating assigned by S&P, a Credit Rating equal to or better than “BBB-”; or (ii) with respect to a Credit Rating assigned by Moody's, a Credit Rating equal to or better than “Baa3”.

**ISO** means the Independent System Operator established in accordance with the NEPOOL Agreement, the Interim Independent System Operator Agreement and all tariffs filed with and approved by the Commission, as such Agreements or tariffs may be amended, superseded or restated from time to time.

**kWh** means Kilowatt-hour.

**Last Resort Service Customer(s)** means the retail customer(s) of Narragansett taking service pursuant to the Last Resort Service Tariff.

**Last Resort Service** means the provision of Requirements by Seller at the Delivery Point to Narragansett to meet all needs of Last Resort Service Customers

**Last Resort Service Tariff** means Narragansett's Tariff for Last Resort Service, R.I.P.U.C. No. 1161, as may be amended from time to time and approved by the RIPUC.

**LMP** or **Locational Marginal Pricing** means as defined in the NEPOOL Agreement or by the ISO.

**MATERIAL ADVERSE EFFECT** means, with respect to a Party, any change in or effect on such Party after the date of this Agreement that is materially adverse to the transactions contemplated hereby, other than: (a) any change or effect resulting from changes in the international, national, regional or local wholesale or retail markets for electric power; (b) any change or effect resulting from changes in the international, national, regional or local markets for any fuel; (c) any change or effect resulting from changes in the North American, national, regional or local electric transmission or distribution systems; and (d) any change or effect resulting from any action or inaction by a governmental authority, but in any such case not affecting the Parties or the transactions contemplated hereby in any manner or degree significantly different from others in the industry as a whole.

**Moody's** means Moody's Investors Service, its successors and assigns.

**MWh** means Megawatt-hour.

**Narragansett** means The Narragansett Electric Company, its successors, assigns, employees, agents and authorized representatives.

**Narragansett's System** means the electrical transmission and distribution system of Narragansett and the electrical transmission and distribution system of any Affiliate of Narragansett.

**Narragansett Zone** means the geographic area served by Narragansett prior to Blackstone Valley Electric Company's and Newport Electric Corporation's merger with and into Narragansett.

**NEPOOL** means the New England Power Pool.

**NEPOOL Agreement** means the New England Power Pool Agreement dated as of September 1, 1971, as amended and as may be amended or restated from time to time.

**Net Worth** means total assets, exclusive of intangible assets, less total liabilities, as reflected on a current balance sheet prepared by a certified public accountant as part of a certified financial statement in accordance with generally accepted accounting principles consistently applied in the business sector of the Seller.

**Price** means the total amount invoiced and payable each calendar month by Narragansett as described in Section 5.1.

**Prime Rate** means the prime (or comparable) rate announced from time to time by Fleet Boston or its successor as its prime rate, which rate may differ from the rate offered to its more substantial and creditworthy customers.

**PTF** means facilities categorized as Pool Transmission Facilities under the NEPOOL Agreement.

**Requirements** means all electric generation and/or market purchases and delivery, to the Delivery Point, of the electric capacity, energy and ancillary services required by Narragansett to provide kilowatt-hours to meet the needs of Last Resort Service Customers in accordance with the Last Resort Service Tariff.

**RIPUC** means the Rhode Island Public Utilities Commission.

**S&P** means Standard & Poor's Rating Group, its successors and assigns.

**SMD** or **Standard Market Design** means as defined in the NEPOOL Agreement or by the ISO.

**ARTICLE 3.            TERM , SERVICE PROVISIONS AND REGISTRATION REQUIREMENTS**

Section 3.1    Term



This Agreement shall be effective immediately upon execution by the Parties and shall continue in effect until final payment is made hereunder, unless this Agreement is terminated sooner in accordance with its terms.

### Section 3.2 Commencement of Electricity Supply

(a) Beginning as of the Commencement Date, Seller shall provide Requirements to Narragansett. For purposes of certainty: Supplier's obligations on the Commencement Date shall be to provide Requirements for all Last Resort Service Customers taking service under the Last Resort Service Tariff as of the Commencement Date.

(b) Beginning as of all Initiation Dates during the Delivery Term, Seller shall provide Requirements to Narragansett to meet the needs of the Last Resort Service Customer(s) initiating Last Resort Service.

(c) If Seller elects to receive electronic notification as provided in Section 3.7(b), Narragansett shall provide to Seller a notice of Initiation Date via electronic file transfer and in a format specified by Narragansett. Each notice of Initiation Date shall include the account number, the date Seller's service to Narragansett for the customer is to begin and the customer's rate class.

(d) Seller shall not dispute/challenge any notice of Initiation Date or the initiation of service to a Last Resort Service Customer. For the Term of this Agreement, Seller hereby waives and foregoes any right that is or may be provided by Narragansett to competitive suppliers to dispute/challenge a notice that a customer will be enrolled in the service it is providing. Seller may not request to initiate Last Resort Service to a customer.

### Section 3.3 Termination of Electricity Supply

(a) Seller shall cease providing Requirements to Narragansett for a customer as of, but not including, the Customer Termination Date.

(b) If Seller elects to receive electronic notification as provided in Section 3.7(b), Narragansett shall provide to Seller a notice of Customer Termination Date via electronic file transfer and in a format specified by Narragansett. Each notice of Customer Termination Date shall include the account number, the Customer Termination Date and the customer's rate class.

(c) Seller shall not dispute/challenge any notice of Customer Termination Date or the termination of service to a Last Resort Service Customer. For the Term of this Agreement, Seller hereby waives and foregoes any right that is or may be provided by Narragansett to competitive suppliers to dispute/challenge a notice that a customer will be terminated from the service it is providing. Seller may not terminate or request termination of a customer taking service pursuant to the Last Resort Service Tariff.

**Section 3.4     Customer Disconnection Date**

(a) Seller shall cease providing Requirements to Narragansett for a customer whose service is being disconnected as of, but not including, the Customer Disconnection Date.

(b) If Seller elects to receive electronic notification as provided in Section 3.7(b), Narragansett shall provide to Seller a notice of Customer Disconnection Date via electronic file transfer and in a format specified by Narragansett. Each notice of Customer Disconnection Date shall include the account number, the Customer Disconnection Date and the customer's rate class.

(c) Seller shall not dispute/challenge any notice of Customer Disconnection Date or the disconnection or service to a Last Resort Service Customer. For the Term of this Agreement, Seller hereby waives and foregoes any right that is or may be provided by Narragansett to competitive suppliers to dispute/challenge a notice that a customer will be terminated from the service it is providing. Seller may not disconnect or request disconnection of any customer taking service pursuant to the Last Resort Service Tariff.

**Section 3.5     Distribution Service Interruptions**

Seller acknowledges that interruptions in distribution service occur. Seller further acknowledges and agrees that Narragansett may interrupt distribution service to Last Resort Service Customers consistent with the Distribution Service Terms and the Competitive Supplier Terms.

**Section 3.6     Release of Customer Information**

Narragansett will not issue any customer information to Seller unless Seller has first obtained the necessary authorization in accordance with the provisions of the Competitive Supplier Terms.

**Section 3.7     Electronic Notification**

At Sellers election, Narragansett shall provide notices contemplated by Sections 3.2, 3.3 and 3.4 via electronic file transfer. Such election shall only be effective when Seller (i) establishes an account on the Advantis Value Added Network ("VAN"), (ii) verifies its ability to transfer files to and receive files from Narragansett at least fourteen (14) days prior to the day on which Seller desires to commence electronic receipt and (iii) bears all costs to establish an account and all costs of Seller and Narragansett to use the VAN. If Seller fails to pay any or all of its VAN costs when due and payable, Seller's election shall not be valid and Narragansett shall no longer be obligated to provide electronic notification.

**Section 3.8     Change in Supply; No Prohibition on Programs**



(a) Seller acknowledges and agrees that the number of Last Resort Service Customers and the Requirements to meet the needs of such customers will fluctuate throughout the Delivery Term and may equal zero. Narragansett shall not be liable to Seller for any losses Seller may incur, including but not limited to lost revenues, and losses that may result from any change in Requirements, number of customers, Delivery Point, market products or the market for electricity, or change in the Distribution Service Terms or the Last Resort Service Tariff. Seller further acknowledges and agrees that there is no limit on the number of Customer Initiation Dates, Customer Termination Dates and Customer Disconnection Dates.

(b) Seller acknowledges and agrees that Narragansett has the right but not the obligation to continue, initiate, support or participate in any programs, promotions, or initiatives designed to or with the effect of encouraging Last Resort Service Customers to leave Last Resort Service for any reason ("Programs"). Nothing in this Agreement shall be construed to require notice to or approval of Seller in order for Narragansett to take any action in relation to Programs.

(c) Seller acknowledges and agrees that Narragansett and Affiliates of Narragansett will not provide Seller preferential access to or use of Narragansett's System and that Seller's sole and exclusive rights and remedies with regard to access to, use or availability of Narragansett's System, and Narragansett's or Affiliates of Narragansett's obligation to transmit electricity are those rights, remedies and obligations provided under the Distribution Service Terms, the NEPOOL Agreement and by the ISO.

#### **ARTICLE 4. SALE AND PURCHASE**

(a) Seller shall sell and deliver to the Delivery Point and Narragansett shall purchase and receive one hundred percent (100%) of the Requirements for Last Resort Service Customers. Seller shall be responsible for all current and future requirements of NEPOOL and the ISO and associated costs of ancillary services, Installed Capability, Energy, Operating Reserves, Automatic Generation Control, losses, uplift costs, congestion charges (to the extent such charges are not imposed on Narragansett as a transmission charge by NEPOOL or the ISO) and all other requirements, market products, expenses and charges imposed by NEPOOL or the ISO that may be in effect from time to time. Seller shall also be responsible for all transmission and distribution losses associated with delivery of Requirements from the Delivery Point to the Last Resort Customer's meter and capacity and ancillary services related thereto. Seller shall be responsible for any congestion costs incurred in delivering power across the PTF system to Narragansett to the extent such charges are not imposed on Narragansett as a transmission charge by NEPOOL or the ISO and allocated on the basis of Network Load. Seller shall be responsible for all transmission and distribution costs associated with the use of transmission systems outside of NEPOOL PTF and any local point-to-point charges and distribution charges needed to deliver the power to the Delivery Point.

(b) Narragansett shall arrange for NEPOOL Regional Network Service (for transmission over PTF) ("RNS") and Local Network Service from any applicable local transmission provider(s) (for



transmission over non-PTF) ("LNS"). Narragansett shall be responsible for RNS and LNS costs from the Delivery Point to the meters of Last Resort Service Customers. Seller shall be responsible for all other transmission and distribution costs.

(c) If Standard Market Design currently planned for NEPOOL, or a design or system similar to the SMD currently planned, is implemented during the term of this Agreement, Seller shall be responsible for all obligations, requirements, and costs associated with Seller having the Day-Ahead Load Obligations, Day-Ahead Adjusted Load Obligations, Real-Time Load Obligations, and Real-Time Adjusted Load Obligations at the nodes/zones representing the actual locations of the meters of Last Resort Service Customers. Seller's associated responsibilities shall include, but not be limited to Operating Reserves and their costs, Net Commitment Period Compensation charges, Emergency Energy charges, and RMR Uplift charges. Seller shall be responsible for all decisions and data submissions associated with any bids into the market system to manage these obligations. Seller shall be responsible for all components of any Locational Marginal Prices Seller must pay to provide Last Resort Service, including its delivery to the Delivery Point. These components include, but are not limited to, the energy, marginal losses, and congestion charges. Seller shall be responsible for paying all Congestion Charges for delivery to the actual meters of Last Resort Service Customers. If an only to the extent Narragansett receives Financial Transmission Rights Auction revenues associated with Auction Revenue Rights assigned to Last Resort Service Load, Narragansett shall assign, transfer or pay, if applicable, to Seller the proceeds from the auction of such rights allocated to Narragansett and associated with Last Resort Service.

(d) Terms used in this Section with initial capitalization that currently are not in the NEPOOL Agreement or the ISO but later are incorporated therein, or terms with a similar meaning to such currently planned terms, shall have the meaning defined in the NEPOOL Agreement or by the ISO upon their incorporation in the NEPOOL Agreement or the ISO.

## **ARTICLE 5. PRICE, BILLING and PAYMENT**

### **Section 5.1 Price**

The Price payable by Narragansett to Seller shall be the product of (i) the total Delivered Energy in the month and (ii) Contract Rate.

### **Section 5.2 Billing and Payment**

(a) On or before the tenth (10th) day of each month during the term of this Agreement, Seller shall calculate the amount due and payable to Seller pursuant to this Article with respect to the preceding month (the "Calculation") and provide an invoice ("Invoice") for such amount. The Calculation shall be provided to Narragansett and shall include sufficient detail for Narragansett to verify its formulation and computation. Calculations under this paragraph shall be subject to recalculation in accordance with Article 6 and shall be subject to adjustment (positive or negative) based upon such





recalculation (a "Reconciliation Adjustment"). Seller shall promptly calculate the Reconciliation Adjustment upon receiving data described in Section 6.3 and shall include the adjustment, if any, in the next month's Invoice. An adjustment based upon a change in the quantity for an earlier month shall be multiplied by the Contract Rate for the month in which the adjustment is based.

(b) Narragansett shall pay Seller the amount of the Invoice (including the Reconciliation Adjustment, if any, as a debit or credit) on or before the twenty-fifth (25th) day after receiving the Invoice (the "Due Date"). If all or any part of the Invoice remains unpaid, interest shall accrue after but not including the Due Date and be payable to Seller on such unpaid amount at a rate per annum equal to two percent (2%) above the Prime Rate in effect on the Due Date. The Due Date for a Reconciliation Adjustment shall be the Due Date of the Invoice in which it is included.

(c) Each Party shall notify the other Party upon becoming aware of an error in an Invoice or Calculation and Seller shall promptly issue a corrected Invoice. Overpayments shall be returned by the receiving Party upon request or deducted by the receiving Party from subsequent invoices, with interest accrued at the Interest Rate from the date of the receipt of the overpayment until the date paid or deducted.

#### Section 5.3 Challenge to Invoices

Unless otherwise agreed: (i) either Party may challenge, in writing, the accuracy of Calculations, Invoices, Reconciliation Adjustments or data no later than twenty-four (24) months after the Due Date of the Invoice in which the disputed information is contained; (ii) if a Party does not challenge the accuracy within such twenty-four (24) month period, such Invoice shall be binding upon that Party and shall not be subject to challenge. With respect to amounts due that are disputed, payment shall be made in full and the Party receiving payment shall hold the amount in dispute in escrow until the resolution of such dispute. If any amount in dispute is ultimately determined (under the terms herein) to be due to the disputing Party, it shall be returned to the disputing Party within three (3) Business Days of such determination along with interest accrued at the Interest Rate until the date paid.

#### Section 5.4 Taxes, Fees and Levies

Seller shall be obligated to pay all present and future taxes, fees and levies which may be assessed by any entity upon the Supplier's provision of services under this Agreement including but not limited for the purchase and sale of electricity to Narragansett.

#### Section 5.5 Netting and Setoff

Except as provided in Section 7.3 (Security) and unless otherwise specified in another agreement, if the Parties are required to pay an amount in the same month each to the other under this Agreement or any other agreement between the Parties, such amounts shall be netted, and the Party owing the greater aggregate amount shall pay to the other Party any difference between the amounts



owed. Each Party reserves all rights, setoffs, counterclaims and other remedies and defenses (to the extent not expressly herein or therein waived or denied) that such Party has or to which such Party may be entitled arising from or out of this Agreement or the other agreement. All outstanding obligations to make payment under this Agreement or any other agreement between the Parties may be offset against each other, set off or recouped therefrom.

## **ARTICLE 6. DELIVERY, LOSSES, AND DETERMINATION AND REPORTING OF HOURLY LOADS**

### **Section 6.1 Delivery**

All electricity shall be delivered to Narragansett in the form of three-phase sixty-hertz alternating current at the Delivery Point.

### **Section 6.2 Losses**

Seller shall be responsible for all transmission and distribution losses associated with the Requirements, namely, losses from the Delivery Point to the Last Resort Service Customers' meter. Seller shall provide to Narragansett at the Delivery Point quantities of electricity and ancillary services to cover such losses from the Delivery Point to the meters of Last Resort Service Customers. The quantities required for this purpose in each hour of a billing period shall be determined in accordance with NEPOOL's and Narragansett's procedures for loss determination. The Delivered Energy reported by Narragansett to the ISO shall include electrical losses between the Delivery Point and the Last Resort Service Customers' meters. Seller shall be responsible for all PTF losses allocated by the ISO which are associated with the provision of Last Resort Service pursuant to this Agreement.

### **Section 6.3 Determination and Reporting of Hourly Loads**

(a) Narragansett will estimate the total hourly load responsibility for Last Resort Service provided by Seller pursuant to this Agreement based upon average load profiles developed for each of Narragansett's customer classes and Narragansett's actual total hourly load ("Seller's Estimated Hourly Load Responsibility"). Narragansett shall report to the ISO and Seller, Seller's Estimated Hourly Load Requirement. Narragansett will normally report to the ISO and to Seller Seller's Estimated Hourly Load Requirement by 1:00 P.M. of the second following business day. Appendix A provides a general description of the estimation process that Narragansett will initially employ (the "Estimation Process"). Narragansett shall have the right but not the obligation, in its sole and exclusive judgement, to modify the Estimation Process from time to time, provided that any such modification is designed with the objective of improving the accuracy of the Estimation Process.

Each month, Narragansett shall reconcile the Seller's Estimated Hourly Load Requirement based upon Narragansett's meter reads (such meter reads as provided for in the Delivery Service



Tariff). The reconciliation, including all losses, shall be the Delivered Energy. Narragansett will normally notify the ISO of any resulting adjustment (debit or credit) to Seller's account for the Load Asset Contracts (defined in Section 6.4) no later than the last day of the third month following the billing month. Appendix A provides a general description of this reconciliation process, which process may be changed by Narragansett from time to time in its sole and exclusive discretion.

#### Section 6.4 NEPOOL Market System Implementation

The Services provided by Seller pursuant to the Agreement will be initially represented within the NEPOOL Market System as:

735 NECO Last Resort Service Load  
1200 Last Resort Service Load - EUA

As soon as possible after the execution of this Agreement and before the Commencement Date, Narragansett shall enter into the NEPOOL Market System Load Asset Contracts for Electrical Load and Installed Capability for Load Assets 735 and 1200 (the "Load Asset Contracts"). The Load Asset Contracts will be effective throughout the Delivery Term and will identify Narragansett as "seller" and Seller as "buyer".

As soon as practicable following Narragansett's entry of the Load Asset Contracts and at least 72 hours before the Commencement Date, Seller shall submit Load Asset Acknowledgment Forms to the ISO and to Narragansett for each of the Load Asset Contracts submitted by Narragansett.

Narragansett shall have the right to change the Load Asset designations (identified above) from time to time, consistent with the definition of Last Resort Service. If and to the extent such designations change, Narragansett and Seller shall cooperate to timely put into effect the necessary NEPOOL Market System contracts that may be necessary to implement the new designations and terminate the prior designations.

### **ARTICLE 7. DEFAULT AND TERMINATION**

#### Section 7.1 Events of Default

(a) Any one or more of the following events shall constitute an "Event of Default" hereunder with respect to Narragansett:

- (i) If Narragansett fails in any material respect to comply with, observe or perform any covenant, warranty or obligation under this Agreement (other than the events that are otherwise specifically covered in this Section as a separate Event of Default and except due to causes excused by Force Majeure or attributable to Narragansett's wrongful act or wrongful failure to act); and



- (ii) After receipt of written notice from Seller such failure continues for a period of five (5) Business Days, or, if such failure cannot be reasonably cured within such five (5) day period, such further period as shall reasonably be required to effect such cure, provided that Narragansett commences within such five (5) day period to effect a cure and at all times thereafter proceeds diligently to complete the cure as quickly as possible.

(b) Any one or more of the following events shall constitute an "Event of Default" hereunder with respect to Seller:

- (i) Failure of Seller (A) in any material respect to comply with, observe, or perform any covenant, warranty or obligation under this Agreement (other than the events that are otherwise specifically covered in this Section as a separate Event of Default and except due to causes excused by Force Majeure or attributable to Narragansett's wrongful act or wrongful failure to act); and (B) after receipt of written notice from Narragansett such failure continues for a period of five (5) business days, or, if such failure cannot be reasonably cured within such five (5) day period, such further period as shall reasonably be required to effect a cure, provided that Seller commences within such five (5) day period to effect such cure and at all times thereafter proceeds diligently to complete the cure as quickly as possible;
- (ii) Failure of Seller to provide Requirements in accordance with Article 3;
- (iii) Failure of Seller to deliver credit support when due in accordance with Section 7.3;

(c) Any one or more of the following events with respect to either Party shall constitute an "Event of Default" hereunder with respect to such Party:

- (i) The entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of either Party in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law, or (B) a decree or order adjudging either Party as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of either Party under any applicable federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of either Party or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of



thirty (30) consecutive days;

- (ii) The commencement by such Party of a voluntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law, or of any other case or proceeding to be adjudicated as bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of such Party in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable federal or state law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of either Party or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by such Party in furtherance of any such action;
- (iii) Any representation or warranty made by such Party is or becomes false or misleading in any material respect.

## Section 7.2 Remedies Upon Default

The Parties shall have the following remedies available to them with respect to the occurrence of an Event of Default with respect to the other Party hereunder:

(a) Upon the occurrence of an Event of Default, the non-defaulting Party shall have the right to (i) continue performance under this Agreement and exercise such rights and remedies as it may have at law, in equity or under this Agreement including, with respect to Narragansett, collection of Security pursuant to Section 7.3 and (ii) at its option, give such defaulting Party a written notice (a "Default Notice") demanding that the defaulting Party cure such Event of Default. If the defaulting Party fails to cure such Event of Default within ten (10) calendar days after its receipt of the Default Notice, the non-defaulting Party shall have the right to terminate this Agreement.

(b) Upon the occurrence of an Event of Default by Seller pursuant to 7.01(b)(ii) or (iii), or by either Party pursuant to Section 7.01(c), in addition to the right provided under paragraph (a) of this Section, the non-defaulting Party shall have the option, in its sole discretion, to terminate this Agreement. Such termination shall be immediately effective upon the non-defaulting Party providing notice in accordance with Article 8.

(c) Nothing in this Article shall be construed to limit the right of any Party to seek any remedies for a breach specified in this Agreement by the other Party of its obligations hereunder, whether or not such breach results in a termination of this Agreement under this Article and whether or



not such breach is cured after the times set forth for such cure in Section 7.1, or during any period during which the non-breaching Party elects not to exercise its right to terminate this Agreement. The non-defaulting Party may take whatever action in law or in equity as may be necessary or desirable to enforce performance and observance of any obligations or covenants under this Agreement, and the rights given hereunder shall be in addition to all other remedies available to the Parties, either in law, at equity or otherwise, for the breach of this Agreement. Seller expressly agrees that at any time after the occurrence of an Event of Default, Narragansett may exercise any rights it may have pursuant to the Article 7.3 (Security).

(d) Notwithstanding any other provision of this Agreement, the fact that a Party has cured an Event of Default within the period provided therefor in this Article shall not release such defaulting Party from its liability to indemnify, save harmless and defend the non-defaulting Party for any claims, demands, suits, losses, liabilities, damages, obligations, payments, costs and expenses (including the costs and expenses of any and all actions, suits, proceedings, assessments, judgments, settlements and compromises relating thereto and reasonable attorneys' fees and reasonable disbursements in connection therewith) relating to, arising out of or resulting from such Event of Default or any failure to observe or perform any covenant or obligation under this Agreement.

### Section 7.3 Security

(a) Seller shall, at all times during the Delivery Term, either (i) maintain (A) a Credit Rating at least equal to Investment Grade and (B) a Net Worth at least equal to \_\_\_\_\_ (the "Credit Requirements") or (ii) provide credit support, in accordance with Section 7.2(b). Prior to the Commencement Date and upon the request of Narragansett, Seller (or its guarantor at any time that a guaranty delivered pursuant to clause (i) below is in effect) shall establish that it meets the Credit Requirements by providing (x) a certificate of an authorized officer, accompanied by supporting certified financial statements and (y) documentation of its all Credit Ratings. Seller (or its guarantor at any time that a guaranty delivered pursuant to clause (i) below is in effect) shall inform Narragansett within one (1) Business Days of any failure to meet Credit Requirements.

(b) If, as of the Commencement or at any time thereafter during the Delivery Term, Seller (or its guarantor at any time that a guaranty delivered pursuant to clause (i) below is in effect) fails to meet the Credit Requirements, then Seller (the "Downgraded Party") shall provide credit support to Narragansett (i) in an amount equal to [ \_\_\_\_\_ ] ; and (ii) in one of the following forms, within five (5) Business Days of the occurrence of such event:

- (A) a guaranty of Seller's obligations hereunder issued by an affiliate of Seller that meets the Credit Requirements and in substantially the form set forth in Appendix B attached hereto; or
- (B) an irrevocable, transferable standby letter of credit (x) issued by a U.S. commercial bank or a foreign bank with a U.S. branch with such bank having a credit rating of at least "A-" from S&P or "A3" from Moody's, (y) in a form



acceptable to Narragansett, including a provision permitting Narragansett to drawn down an amount equal to Narragansett's replacement of this Agreement, based upon Narragansett's calculation thereof at the time and without giving effect to Section 5.5 (Netting and Setoff), upon an Event of Default as to Seller, and (z) if the Seller is required to provide the bank with a guarantee or any other form of financial assurance from one or more other entities to secure its letter of credit obligations, then such entities shall also guarantee all of Seller's obligations to Narragansett under this Agreement; or

- (C) any alternate form of credit support proposed by Seller that Narragansett deems acceptable, in its sole discretion; provided however, Narragansett is under no obligation to accept any alternate form of credit and may withhold consent to any such alternate form for any reason.

#### Section 7.4 Forward Contract.

The Parties agree and acknowledge that they are each a "forward contract merchant" within the meaning of the United States Bankruptcy Code, that this Agreement is a "forward contract" within the meaning of the United States Bankruptcy Code, and that the remedies identified in this Agreement, including but not limited to those specified in Section 7, shall be "contractual rights" as provided for in 11 U.S.C. § 556 as that provision may be amended from time to time.

## **ARTICLE 8. NOTICES, REPRESENTATIVES OF THE PARTIES**

### Section 8.1 Notices

Any notice, demand, or request required or authorized by this Agreement to be given by one Party to another Party shall be in writing. It shall either be sent by facsimile (with receipt confirmed by telephone), courier, personally delivered (including overnight delivery service) or mailed, postage prepaid, to the representative of the other Party designated in accordance with this Article. Any such notice, demand, or request shall be deemed to be given (i) when sent by facsimile confirmed by telephone, (ii) when actually received if delivered by courier or personal delivery (including overnight delivery service) or (iii) three (3) days after deposit in the United States mail, if sent by first class mail.

Notices and other communications by Seller to Narragansett shall be addressed to:

Mr. Michael J. Hager  
Director, Energy Supply  
National Grid USA Service Company, Inc.  
55 Bearfoot Road  
Northborough, MA 01532



(508) 421-7350  
(508) 421-7335 (fax)

Notices and other communications by Narragansett to Seller shall be addressed to:

[Name]  
[Company]  
[Address]  
[City, State & Zip]  
[Phone]  
[FAX]

Any Party may change its representative by written notice to the Party; however such notice shall not be effective until it is received by the other Party.

Section 8.2 Authority of Representative

The Parties' representatives designated in accordance with Section 8.1 shall have full authority to act for their respective principals in all technical matters relating to the performance of this Agreement. They shall not, however, have the authority to amend, modify, or waive any provision of this Agreement unless they are authorized officers of their respective entities and such amendment, modification or waiver is made pursuant to Article 17.

**ARTICLE 9. LIABILITY, INDEMNIFICATION, AND RELATIONSHIP OF PARTIES**

Section 9.1 Limitation on Consequential, Incidental and Indirect Damages

To the fullest extent permissible by law, neither Narragansett or Seller, or their respective officers, directors, agents, employees, parent or affiliates, successor or assigns, or their respective officers, directors, agents, or employees, successors, or assigns, shall be liable to the other Party or its parent, subsidiaries, affiliates, officers, directors, agents, employees, successors or assigns, for claims, suits, actions or causes of action for incidental, indirect, special, punitive, multiple or consequential damages (including attorney's fees or litigation costs) connected with or resulting from performance or non-performance of this Agreement, or any actions undertaken in connection with or related to this Agreement, including without limitation any such damages which are based upon causes of action for breach of contract, tort (including negligence and misrepresentation), breach of warranty, strict liability, statute, operation of law, or any other theory of recovery. The provisions of this Section shall apply regardless of fault and shall survive termination, cancellation, suspension, completion or expiration of this Agreement.



**Section 9.2     Indemnification**

(a) Seller agrees to defend, indemnify and save Narragansett, its officers, directors, employees, agents, successors, assigns, and affiliates and their officers, directors, employees, and agents harmless from and against any and all claims, suits, actions or causes of action for damage by reason of bodily injury, death, or damage to property caused by Seller, its officers, directors, employees, agents or affiliates or caused by or sustained on its facilities, arising from or in connection with this Agreement, except to the extent caused by an act of negligence or willful misconduct by an officer, director, agent, employee or Affiliate of Narragansett or its successors or assigns.

(b) Narragansett agrees to defend, indemnify and save Seller, its officers, directors, employees, agents, successors, assigns, and affiliates and their officers, directors, employees, and agents harmless from and against any and all claims, suits, actions or causes of action for damage by reason of bodily injury, death, or damage to property caused by Narragansett, its officers, directors, employees, agents or affiliates or caused by or sustained on its facilities, arising from or in connection with this Agreement, except to the extent caused by an act of negligence or willful misconduct by an officer, director, agent, employee or affiliate of Seller or their successors or assigns.

(c) If any Party intends to seek indemnification under this Section from the other Party with respect to any action or claim, the Party seeking indemnification shall give the other Party notice of such claim or action within fifteen (15) days of the commencement of, or actual knowledge of, such claim or action. The Party seeking indemnification shall have the right, at its sole cost and expense, to participate in the defense of any such claim or action. The Party seeking indemnification shall not compromise or settle any such claim or action without the prior consent of the other Party, which consent shall not be unreasonably withheld.

**Section 9.3     Independent Contractor Status**

Nothing in this Agreement shall be construed as creating any relationship between Narragansett and Seller other than that of independent contractors for the sale and delivery of Requirements Last Resort Service.

**ARTICLE 10. ASSIGNMENT****Section 10.1     General Prohibition Against Assignments**

Except as provided in Section 10.2, neither Party shall assign, pledge or otherwise transfer this Agreement or any right or obligation under this Agreement without first obtaining the other Party's written consent, which consent shall not be unreasonably withheld.

**Section 10.2     Exceptions to Prohibition Against Assignments**



(a) Seller may, without Narragansett's prior written consent, collaterally assign this Agreement in connection with financing arrangements provided that any such collateral assignment that provides for the Company to direct payments to the collateral agent (i) shall be in writing, (ii) shall not be altered or amended without prior written notice to Narragansett from both Seller and the collateral agent, and (iii) provided that any payment made by Narragansett to the collateral agent shall discharge Narragansett's obligation as fully as to the same extent as if it had been made to the Seller. Seller must provide Narragansett at least (5) days advance written notice of collateral assignment and provide copies of any such assignment and relevant agreements or writings.

(b) Narragansett may assign all or a portion of its rights and obligations under this Agreement to any Affiliate of Narragansett without consent of Seller. Either Party may assign its rights and obligations hereunder, or transfer such rights and obligations by operation of law, to any corporation or other entity with which or into which such Party shall merge or consolidate or to which such Party shall transfer all or substantially all of its assets, provided that such affiliate or other entity agrees to be bound by the terms hereof and provided further, that such affiliate's or other entity's creditworthiness is comparable to or higher than that of such Party and such Party is not relieved of any obligation or liability hereunder as a result of such assignment

## **ARTICLE 11. SUCCESSORS AND ASSIGNS**

This Agreement shall inure to the benefit of and shall be binding upon the Parties hereto and their respective successors and permitted assigns.

## **ARTICLE 12. FORCE MAJEURE**

(a) Force Majeure shall include but not be limited to acts of God, earthquakes, fires, floods, storms, strikes, labor disputes, riots, insurrections, acts of war (whether declared or otherwise), acts of governmental, regulatory or judicial bodies, but if and only to the extent that such event or circumstance (i) directly affects the availability of the transmission or distribution facilities of NEPOOL, Narragansett or an Affiliate of Narragansett necessary to provide service to Narragansett's customers which are taking service pursuant to the Last Resort Service Tariff and (ii) it is not within the reasonable control of, or the result of the negligence of, the claiming Party, and which, by the exercise of due diligence, the claiming Party is unable to overcome or avoid or cause to be avoided. Force Majeure shall not be based on (A) fluctuations in Last Resort Service, (B) the cost to a Party to overcome or avoid, or cause to be avoided, the event or circumstance affecting such Party's performance or (C) Events affecting the availability or cost of operating any generating facility.

(b) To the extent that either Party is prevented by Force Majeure from carrying out, in whole or in part, its obligations hereunder and (i) such Party gives notice and detail of the Force Majeure to the other Party as soon as practicable after the onset of the Force Majeure, including an estimate of its expected duration and the probable impact on the performance of its obligations hereunder; (ii) the suspension of performances is of no greater scope and of no longer duration than is



required by the Force Majeure, and (iii) the Party claiming Force Majeure uses commercially reasonable efforts to remedy or remove the inability to perform caused by Force Majeure, then the affected Party shall be excused from the performance of its obligations prevented by Force Majeure. However, neither Party shall be required to pay for any obligation the performance of which is excused by Force Majeure. This paragraph shall not require the settlement of any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute are contrary to its interest. It is understood and agreed that the settlement of strikes, walkouts, lockouts or other labor disputes shall be entirely within the discretion of the Party involved in the dispute.

(c) No obligations of either Party which arose before the Force Majeure occurrence causing the suspension of performance are excused as a result of the occurrence.

(d) Prior to the resumption of performance suspended as a result of a Force Majeure occurrence, the Party claiming the Force Majeure shall give the other Party written notice of such resumption.

## **ARTICLE 13. WAIVERS**

No delay or omission in the exercise of any right under this Agreement shall impair any such right or shall be taken, construed or considered as a waiver or relinquishment thereof, but any such right may be exercised from time to time and as often as may be deemed expedient. The waiver of any single breach or default of any term or condition of this Agreement shall not be deemed to constitute the waiver of any other prior or subsequent breach or default of the Agreement or any other term or condition.

## **ARTICLE 14. REGULATION**

### **Section 14.1 Laws and Regulations**

This Agreement and all rights, obligations, and performances of the Parties hereunder, are subject to all applicable Federal and state laws, and to all duly promulgated orders and other duly authorized action of governmental authority having jurisdiction.

### **Section 14.2 NEPOOL Requirements**

This Agreement must comply with all NEPOOL Criteria, Rules, and Standard Operating Procedures ("Rule" or "Rules"). If, during the term of this Agreement, the NEPOOL Agreement is terminated or amended in a manner that would eliminate or materially alter a Rule affecting a right or obligation of a Party hereunder, or if such a Rule is eliminated or materially altered by NEPOOL, the Parties agree to negotiate in good faith in an attempt to amend this Agreement to incorporate a replacement provision ("Replacement Provision"). The intent of the Parties is that any such



Replacement Provision reflect, as closely as possible, the intent and substance of the provision being replaced as such provision was in effect prior to the termination or amendment of the NEPOOL Agreement or elimination or alteration of the Rule. If the Parties are unable to reach agreement on an amendment, the Parties agree to submit the matter to arbitration under the terms of Section 15.2 and to seek a resolution of the matter consistent with this paragraph.

## **ARTICLE 15. INTERPRETATION, DISPUTE RESOLUTION**

### **Section 15.1 Governing Law**

The Agreement shall be governed by and construed and performed in accordance with and the laws of the State of Rhode Island, without effect to its conflict of laws provisions.

### **Section 15.2 Dispute Resolution**

All disputes between Narragansett and Seller under this Agreement shall be referred to a senior manager of Seller designated by Seller, and a senior manager of Narragansett designated by Narragansett, for resolution on an informal basis as promptly as practicable. In the event the designated senior managers are unable to resolve the dispute within ten (10) days, or such other period to which the Parties may jointly agree, to the extent the dispute relates to an amount, or services valued, that do not exceed two hundred fifty thousand dollars (\$250,000.00), such dispute shall be submitted to arbitration and resolved in accordance with the arbitration procedure set forth in this Section. The arbitration shall be conducted before a single neutral arbitrator mutually agreed to and appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, Seller and Narragansett shall each choose one arbitrator, who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within ten (10) days select a third arbitrator to act as chairman of the arbitration panel. In either case, the arbitrator(s) shall be knowledgeable in electric utility matters, including wholesale power transactions and power market issues, and shall not have any current or past substantial business or financial relationships with either Party. The arbitrator(s) shall afford each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. There shall be no formal discovery conducted in connection with the arbitration; provided, however, that the Parties shall exchange witness lists and copies of any exhibits that they intend to utilize in their direct presentations at any hearing before the arbitrator(s) at least ten (10) days prior to such hearing, along with any other information or documents specifically requested by the arbitrator(s) prior to the hearing. Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of his, her or their appointment and shall notify the Parties in writing of such decision and the reasons therefore, and shall make an award apportioning the payment of the costs and expenses of arbitration among the Parties; provided, however, that each Party shall bear the costs and expenses of its own attorneys, expert witnesses and consultants. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this



Agreement and shall have no power to modify or change the Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act.

#### **ARTICLE 16. SEVERABILITY**

Any provision declared or rendered unlawful by any applicable court of law or regulatory agency or deemed unlawful because of a statutory change will not otherwise affect the remaining provisions and lawful obligations that arise under this Agreement. If any provision of this Agreement, or the application thereof to any Party or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision, and (b) the remainder of this Agreement and the application of such provision or circumstances shall not be affected by such invalidity or unenforceability.

#### **ARTICLE 17. MODIFICATIONS**

No modification or amendment of this Agreement will be binding on any Party unless it is in writing and signed by both Parties.

#### **ARTICLE 18. ENTIRE AGREEMENT**

This Agreement, including the Appendices, the tariffs and agreements referred to herein or therein, embody the entire agreement and understanding of the Parties hereto in respect of the transactions contemplated by this Agreement. There are no restrictions, promises, representations, warranties, covenants or undertakings, other than those expressly set forth or referred to herein or therein. It is expressly acknowledged and agreed that there are no restrictions, promises, representations, warranties, covenants or undertakings contained in any material provided or otherwise made available to Seller. This Agreement supersedes all prior agreements and understandings between the Parties with respect to the transactions contemplated hereby.

#### **ARTICLE 19. COUNTERPARTS**

This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument.

#### **ARTICLE 20. INTERPRETATION; CONSTRUCTION**



The article and section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the Parties and shall not in any way affect the meaning or interpretation of this Agreement. For purposes of this Agreement, the term "including" shall mean "including, without limitation". The Parties acknowledge that, each Party and its counsel have reviewed and or revised this Agreement and that any rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement, and it is the result of joint discussion and negotiation.

## **ARTICLE 21. REPRESENTATIONS, WARRANTIES AND COVENANTS**

Each Party represents to the other Party as follows:

(a) It is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation and has all requisite power and authority to carry on its business as is now being conducted.

(b) It has full power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by it, and, assuming that this Agreement constitutes a valid and binding agreement of the other Party, constitutes its valid and binding agreement, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(c) No declaration, filing with, notice to, or authorization, permit, consent or approval of any Governmental Authority is required for the execution and delivery of this Agreement by it or the performance by it of its obligations hereunder, other than such declarations, filings, registrations, notices, authorizations, permits, consents or approvals which, if not obtained or made, will not, in the aggregate, have a Material Adverse Effect.

(d) Neither the execution and delivery of this Agreement by it nor the performance by it of its obligations under this Agreement will (i) conflict with or result in any breach of any provision of its Certificate of Incorporation or Bylaws, (ii) result in a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, agreement or other instrument or obligation to which it or any of its subsidiaries is a party or by which it or any of its subsidiaries is bound, except for such defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained or which, in the aggregate, would not have a Material Adverse Effect; or (iii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to it, which violation would have a Material Adverse Effect.

(e) There are no claims, actions, proceedings or investigations pending or, to its knowledge, threatened against or relating to it before any governmental authority acting in an adjudicative capacity relating to the transactions contemplated hereby that could have a Material Adverse Effect. It is not



subject to any outstanding judgment, rule, order, writ, injunction or decree of any court or governmental authority which, individually or in the aggregate, would create a Material Adverse Effect.

## **ARTICLE 22.          CONSENTS AND APPROVALS**

The Parties shall cooperate so that each Party may take such actions as necessary and required for the other Party to effectuate and comply with this Agreement including to (i) promptly prepare and file all necessary documentation, (ii) effect all necessary applications, notices, petitions and filings and execute all agreements and documents, and (iii) use all commercially reasonable efforts to obtain all necessary consents, approvals and authorizations of all other entities, in the case of each of the foregoing clauses (i), (ii) and (iii), necessary or advisable to consummate the transactions contemplated by this Agreement or required by the terms of any note, bond, mortgage, indenture, deed of trust, license, franchise, permit, concession, contract, lease or other instrument to which Narragansett or Seller is a party or by which either of them is bound. Narragansett shall have the right to review and approve in advance all characterizations of the information relating to the transactions contemplated by this Agreement which appear in any filing, press release or public announcement made in connection with the transactions contemplated hereby.

## **ARTICLE 23.          SURVIVAL**

As of the expiration of this Agreement in accordance with Article 3.1 or, if earlier, its termination, the Parties shall no longer be bound by the terms and provisions hereof, except (a) to the extent necessary to enforce the rights and obligations of the Parties arising under this Agreement before such expiration or termination and (b) the obligations of the Parties hereunder with respect to indemnification and defense of claims.

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Agreement on their behalf as of the date first above written.

THE NARRAGANSETT ELECTRIC COMPANY

BY:

Its

[COMPANY]

BY:

**Narragansett Electric**

A **National Grid** Company



Request for Power Supply Proposals  
July 19, 2002

Its\_\_\_\_\_





## **APPENDIX A**

### **ESTIMATION OF SELLER HOURLY LOADS**

#### **Overview**

Generating units operated by suppliers are dispatched by the power pool to meet the region's electrical requirements reliably, and at the lowest possible cost. As a result, a supplier's electricity production may not match the demand of its customers. In each hour some suppliers with low cost production units are net sellers of electricity to the pool, while other suppliers are purchasing power from the pool to meet the demand of their customers. To determine the extent to which suppliers are net buyers or sellers on an hourly basis, it is necessary to estimate the hourly aggregate demand for all of the customers served by each supplier. Narragansett will estimate Seller's Last Resort Service load obligations within Narragansett's service territories and report the hourly results to the ISO on a daily basis.

The estimation process is a cost-effective approach to producing results that are reliable, unbiased and reasonably accurate. The hourly load estimates will be based on rate class load profiles, which will be developed from statistically designed samples. Each day, the class load shapes will be scaled to the population of customers served by each supplier. In cases where telemetered data on individual customers are available, they will be used in place of the estimated shapes. On a monthly basis, the estimates will be refined by incorporating actual usage data obtained from meter readings. In both processes, the sum of all suppliers' estimated loads will match the total load delivered into the distribution system. A description of the estimation process follows.

#### **Daily Estimation of Suppliers' Own Load**

The daily process estimates the hourly load for each supplier for the previous day. The following is an outline of this process:

- Select a proxy date from the previous year with characteristics which best match the day for which the hourly demand estimates are being produced. Extract class load shapes for the selected proxy date from the load research database.
- Scale the class load shapes appropriately for each individual customer based on the usage level of the customer relative to the class average usage level.
- Calculate a factor for each customer which reflects their relative usage level and includes an adjustment for losses ("load adjustment factor"). Aggregate the load adjustment factors across the customers served by each supplier in each class.



- Produce a preliminary estimate of each supplier's hourly loads by combining the proxy day class load shapes with the supplier's total load adjustment factors. Aggregate the loads across the classes for each supplier.
- Adjust the preliminary hourly supplier estimates so that their sum is equal to Narragansett's actual hourly metered loads (as metered at the point of delivery to the distribution system) by allocating any differences to suppliers in proportion to their estimated load.
- Adjust the hourly supplier estimates to include transmission losses within Narragansett's transmission system.
- Submit the hourly loads to the ISO.

After Narragansett has submitted the supplier hourly loads, the ISO will allocate PTF losses to the supplier's account during the settlement process.

### **Monthly Reconciliation Process**

The monthly process will improve the estimates of supplier loads by incorporating the most recent customer usage information, which will be available after the monthly meter readings are processed. The actual customer meter readings, as well as actual interval data for the largest customers, are used to re-estimate all of the days in the calendar month being reconciled. Updates to customers' account status and supplier assignments that may have been missed during the daily processing (due to timing) are included. The sum of the resulting kWh over the days in the month is reported and used by the ISO as the basis for a monthly adjustment.



## APPENDIX B FORM OF GUARANTY

IN CONSIDERATION of and in order to induce The Narragansett Electric Company ("Narragansett") to enter into the Power Supply Agreement dated \_\_\_\_ (the "Agreement") with \_\_\_\_ TDB \_\_\_\_ ("Seller"), \_\_\_\_ TBD \_\_\_\_ ("Guarantor") hereby unconditionally, absolutely and irrevocably guarantees the full and faithful performance and payment of all obligations and liabilities of Seller that are now due or may hereafter become due and payable under and pursuant to the Agreement (collectively, the "Obligations"). Guarantor further promises to pay all reasonable attorney's fees and costs incurred by Narragansett in enforcing this Guaranty.

This Guaranty shall be a continuing guaranty of performance and payment and not of collection. It shall remain in full force and effect until the earlier of (i) \_\_\_\_\_ or (ii) fifteen (15) days following written notice from Guarantor to Narragansett; provided that prior to the effective date of termination, this Guarantee shall be replaced with alternative security as provided for in ARTICLE 7, Section 7.2 of the Agreement ("Replacement Security") and such Replacement Security shall explicitly extend to any of Guarantor's liability to Narragansett with respect to Obligation's which have accrued prior to the effective date of such Replacement Security. Termination of this Guaranty shall not affect Guarantor's liability to Narragansett with respect to Obligations that accrued prior to the effective date of such termination and for which a Demand (as defined below) has been made by Narragansett. The maximum aggregate liability of Guarantor under this Guaranty is limited to the amount of \_\_\_\_\_ (\$ \_\_\_\_\_ .00).

If Seller fails to perform or pay, as applicable, the Obligations and Narragansett has elected to exercise its rights under this Guaranty, then Narragansett shall make a demand upon Guarantor (hereinafter referred to as a "Demand"). A Demand shall be in writing and shall reasonably and briefly specify in what amount or in what manner Seller has failed to perform or pay, Narragansett's good faith calculation of its financial exposure for Seller's failure to perform (the "Exposure"), an explanation of why performance or payment is due, and a specific statement that Narragansett is calling upon Guarantor to perform or pay under this Guaranty. If the Demand is based upon Seller's failure to provide Last Resort Service, Guarantor's obligation under this Guaranty shall be to either (i) perform the future Obligations and pay the portion of the Exposure related to Seller's past default or (ii) pay the entire Exposure. A Demand shall also include the bank account and wire transfer information to which the funds should be wire transferred. A Demand satisfying the foregoing requirements shall be deemed sufficient notice to Guarantor that performance or payment is due under the Obligations. A single Demand shall be effective as to any specific default during the continuance of such default, until Seller or Guarantor has cured the default, and additional written demands concerning such default shall not be required until such default is cured. Upon receipt of such Demand, Guarantor shall cause to pay or to be repaid to Narragansett via wire transfer of funds, free of any deductions or withholdings, all Obligations due to Narragansett pursuant to this Guaranty within five (5) days after receiving such Demand from Narragansett.



Guarantor shall not be discharged or released from its obligations hereunder by any proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of Seller or by any defense which Seller may have by reason of the order, decree or decision of any court or administrative body resulting from any such proceeding. If at any time any payment of any of the Obligations is rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy or reorganization of Seller or otherwise, the Guarantor's obligations hereunder with respect to such payment shall be at such time as though such payment had not been made. The Guarantor reserves the right to assert defenses which Seller may have to payment of any Obligation other than defenses arising from the bankruptcy or insolvency of Seller and other defenses expressly waived hereby.

Guarantor hereby waives notice of acceptance of this Guaranty and notice of any obligation or liability to which it may apply, and waives presentment, demand for payment, protest, notice of dishonor or non-payment of any such obligation or liability, suit or the taking of action by Narragansett against, and any other notice to Seller, Guarantor or others.

**Guarantor hereby represents and warrants that: (i) it is a corporation duly organized, validly existing, and in good standing under the laws of the State of \_\_\_\_\_ and has the corporate power and authority to execute, deliver and carry out the terms and provisions of this Guaranty; (ii) no authorization, approval, consent or order of, or registration or filing with any court or other governmental body having jurisdiction over Guarantor is required on the part of Guarantor for the execution and delivery of this Guaranty; and (iii) Guarantor has duly executed and delivered this Guaranty and this Guaranty constitutes a valid and legally binding obligation of Guarantor, except as the enforceability of this Guaranty may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity.**

Communications made by personal delivery, or by mail shall be effective upon actual receipt. Communications made by telecopier shall be effective upon actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours.

All communications to Narragansett shall be directed to:

Mr. Michael J. Hager  
Director, Energy Supply – New England  
National Grid USA Service Company, Inc.  
55 Bearfoot Road  
Northborough, MA 01532  
(508) 421-7350  
(508) 421-7335 (fax)

or such other address as Narragansett shall from time to time specify to Guarantor.

All communications to Guarantor shall be directed to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Phone:

Fax:

or such other address as Guarantor shall from time to time specify to Narragansett.

This Guaranty constitutes the entire agreement of Guarantor with respect to matters set forth herein. Guarantor and Narragansett may not assign this Guaranty without the prior written consent of the other party, which consent shall not be unreasonably withheld. Any assignment as provided for herein shall terminate Guarantor's liability with respect to Obligations that arise after the date the assignment is effective.

Narragansett shall endeavor to keep the existence and the terms of this Guaranty confidential. Narragansett shall only disclose the existence of this Guaranty to those officers, directors and employees and agents who have a need to know and who agree to keep the existence and terms of this Guaranty confidential, and to governmental authorities with jurisdiction over Narragansett along with a request for confidential treatment/trade secret protection.

THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF RHODE ISLAND WITHOUT GIVING EFFECT TO ITS ANY CONFLICT OF LAWS PROVISIONS.

If any one or more provisions of this Guaranty shall for any reason or to any extent be determined invalid or unenforceable, all other provisions shall, nevertheless, remain in full force and effective.

IN WITNESS WHEREOF, Guarantor has duly executed this Guaranty on this \_\_\_\_ day of \_\_\_\_\_, 2002.

Guarantor:

By: \_\_\_\_\_

**Narragansett Electric**

A **National Grid** Company



Request for Power Supply Proposals  
July 19, 2002

Name:

Title:

## **APPENDIX C**

### **REQUIRED PROPOSAL INFORMATION**

**RESPONDENT:** \_\_\_\_\_

## 1. General Information

Name of Respondent	
Principal contact person < Name < Title < Company < Mailing address < Telephone number < Fax number < E-mail address	
Secondary contact person (if any) < Name < Title < Company < Mailing address < Telephone number < Fax number < E-mail address	
Legal business organization of Respondent (e.g., sole proprietorship, partnership, limited partnership, joint venture, or corporation)	
State of incorporation, residency or organization  Indicate whether Respondent is in good standing in all states in which Respondent is authorized to do business and, if not, in which states and the reason it is not.	
The names of all general and limited partners (if Respondent is a partnership)	
Description of Respondent and all affiliated entities and joint ventures transacting business in the energy sector.	



**RESPONDENT:** \_\_\_\_\_

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## **2. Financial Information**

Current debt rating for Respondent (include ratings and names of rating agencies).	
Date Respondent's last fiscal year ended.	
Total revenue for Respondent for the most recent fiscal year.	
Total net income for Respondent for the most recent fiscal year.	
Total assets for Respondent as of the close of the previous fiscal year.	
Copy of the Respondent's most recent balance sheet, income statement and cash flow statement.	

## **3. Defaults and Adverse Situations**

<p>Describe, in detail, any situation in which Respondent (either alone or as part of a joint venture), or an affiliate of Respondent, defaulted or was deemed to be in noncompliance of its contractual obligations to deliver energy and/or capacity at wholesale within the past five years.</p> <p>Explain the situation, its outcome and all other relevant facts associated with the event described.</p> <p>Please also identify the name, title and telephone number of the principal manager of the customer/client who asserted the event of default or noncompliance.</p>	
<p>Describe any facts presently known to Respondent that might reasonably be expected to adversely affect its ability to provide the service(s) bid herein as provided for in the Request for Proposal.</p>	

**RESPONDENT:** \_\_\_\_\_

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#### **4. NEPOOL AND POWER SUPPLY EXPERIENCE**

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Is Respondent a member of NEPOOL?	
Does Respondent have a NEPOOL or settlement account?	
Name of NEPOOL member which will carry Respondent's loads (if not Respondent, provide a supporting statement from such member) and whether that member is in good standing with NEPOOL.	
Describe Respondent's experience and record of performance in the areas of power marketing, brokering, sales, and/or contracting, for the last five years within NEPOOL and/or the New England region.	
Provide three references (name, title and contact information) who have contracted with the Respondent for similar load following services within the last 2 years.	
Has Respondent, or any affiliate of Respondent, in the last five years, been determined in writing by a court or arbitration panel to have breached or defaulted under any agreement relating to the sale of electricity or natural gas, including any financing agreements, and the resolution of such breach or default?	

**RESPONDENT:** \_\_\_\_\_

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## 5. SCOPE OF BID AND TERMS OF SALE

Will Respondent execute a contract substantially similar to the proposed Power Supply Agreement contained in Appendix B?  Enumerate any and all proposed modifications with specificity.	
List all regulatory approvals required before service can commence.	

## 6. Proposed Pricing

Specify the Contract Rate (\$/MWh) that Narragansett must pay to Respondent.	
September 2002	
October 2002	
November 2002	
December 2002	
January 2003	
February 2003	
March 2003	
April 2003	
May 2003	
June 2003	
July 2003	
August 2003	